



Environmental
Financial
Products

News Release

For Immediate Release

Environmental Financial Products, LLC (EFP) and CBOE Holdings, Inc. (CBOE) Announce New Interbank Lending Exchange and Interest Rate Benchmark

- American Financial ExchangeSM (AFXSM) to Support U.S. Mid-Size Banking Sector

Note for Journalists: A Teleconference Will Be Held This Morning
Beginning at 9:00 a.m. CT (Call-In Details Provided Below)

CHICAGO, IL – September 10, 2015 – Environmental Financial Products, LLC (EFP) and CBOE Holdings, Inc. (CBOE) today announced plans to launch the American Financial Exchange (AFX), an electronic marketplace for small and mid-sized banks to lend and borrow short-term funds. EFP is a prominent, successful exchange incubator headed by Dr. Richard Sandor, universally recognized as the “father of financial futures.” CBOE is the creator of the listed options market and numerous other market and product innovations, including securities index options and the CBOE Volatility Index[®] (VIX[®] Index).

AFX was designed to bring the benefits of exchange trading, including standardization, transparency and a rules-based process, to interbank lending, while substantially reducing transaction costs through an electronic market. Importantly, AFX will also respond to the critical need for a transaction-based interest rate benchmark through weekly auctions of a new benchmark rate for U.S. interbank lending, called Ameribor[™]. The first AFX auction of Ameribor, which is based on proprietary calculation methodology developed by EFP, is expected to take place in the fourth quarter of 2015.

“Mid-sized U.S. banks are disproportionately responsible for lending to small businesses, directly contributing to job creation and economic growth in the real economy,” said Dr. Richard Sandor, Chairman and CEO of Environmental Financial Products. “An efficient and transparent market can benefit participants and the economy as a whole by providing an efficient way to borrow and lend money, as well as generating indices that truly reflect the bank’s cost of funds.” Dr. Sandor will act as Chairman and CEO of AFX.

“We couldn’t be more pleased to work with Dr. Sandor and his team to create and develop the AFX marketplace,” said Edward T. Tilly, CEO of CBOE Holdings. “The opportunity to bring transparency, price efficiency and transaction-based benchmarks to interbank lending is very compelling to us and is closely aligned with CBOE’s values and core strengths. We look forward to hosting, operating and helping to further develop a new and truly innovative marketplace.”

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AFX was designed with the input of participating banks, and will continue to evolve based on the needs of mid-sized banks. The initial interbank loan market will be a daily market for overnight and 30-day loans. AFX will focus on 1,740 community and regional banks with between \$500 million and \$125 billion in assets, which hold a combined total of \$4.7 trillion in assets.

“We view having an index interest rate that is truly set by market forces as a real plus in today’s environment,” said Bill Sirakos, Senior Executive Vice President and Capital Markets Division Head at Frost Bank in San Antonio, Texas. “The potential for growth in the use of the AFX is quite high, both among commercial banks as well as, eventually, today’s commercial paper issuers.”

CBOE will operate the web-accessible, secure, electronic trade matching engine and will also support surveillance and membership services. Northern Trust will serve as the settlement bank.

AFX has been in development for three years, and has been advised and represented by Sullivan & Cromwell, LLP (regulatory matters), Jenner & Block (corporate matters) and Sandler O’Neill & Partners, LP. Chicago-based Connamara Systems developed the software for the electronic trading platform using EFP’s proprietary methodology.

“AFX has been designed to be a monument to transparency, an efficient market for interbank funds and ultimately, an expanded source of liquidity for American banks,” said Robert Albertson, Partner and Chief Strategist at Sandler O’Neill. “Ameribor will be a cleansed and true indication of heartland American banking’s cost of funds. AFX will not only simplify interbank transactions, it also has the potential to reduce costs and add select corporate, investment and government pools of liquidity – all long overdue.”

Teleconference Information:

Date: Thursday, September 10, 2015

Time: 9:00 a.m. CT

EFP and CBOE will hold a joint teleconference with executives from both companies, including Dr. Richard Sandor, Chairman and CEO, Environmental Financial Products, and Edward T. Tilly, CEO, CBOE Holdings, this morning, beginning at 9:00 a.m. CT. Individuals wishing to listen to the call should use the following dial-in information:

Live Dial-In Information (only journalists will be permitted to ask questions):

U.S.: (866) 807-9684

Canada: (866) 450-4696

International: (412) 317-5415

Participants should dial in 10 minutes prior to the start of the teleconference and ask to join the CBOE press conference call.

A telephone replay of the teleconference will be available from approximately 11:00 a.m. CT, September 10, 2015, through 11:00 p.m. CT, September 17, 2015, by calling (877) 344-7529 from the U.S., (855) 669-9658 from Canada or (412) 317-0088 for international callers, using replay code 10072237.

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Forward-Looking Statements:

Certain information contained in this news release may constitute forward-looking statements. We caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made and are subject to a number of risks and uncertainties.

About Environmental Financial Products, LLC:

Environmental Financial Products, LLC (EFP) specializes in inventing, designing, and developing new financial markets. Richard L. Sandor, Ph.D. is Chairman and Chief Executive Officer of the firm. EFP was established in 1998 and was the predecessor company and incubator to the Chicago Climate Exchange (CCX). For additional information on EFP, visit www.envifi.com.

About CBOE Holdings, Inc.:

CBOE Holdings, Inc. (NASDAQ: CBOE) is the holding company for Chicago Board Options Exchange (CBOE), the CBOE Futures Exchange (CFE), and other subsidiaries. CBOE, the largest U.S. options exchange and creator of listed options, continues to set the bar for options and volatility trading through product innovation, trading technology and investor education. CBOE Holdings offers equity, index and ETP options, including proprietary products, such as options and futures on the CBOE Volatility Index (VIX Index) and S&P 500 options (SPX), the most active U.S. index option. Other products engineered by CBOE include equity options, security index options, Weeklys options, FLEX options, and benchmark products such as the CBOE S&P BuyWrite Index (BXM). CBOE Holdings is home to the world-renowned Options Institute, Livevol options analytics and data tools, and www.cboe.com, the go-to place for options and volatility trading resources.

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