

Date: January 27, 2004  
To: The Membership  
From: Financial Planning Committee  
Subject: **Cap on Member Firm Proprietary and Firm Facilitation Fees**

Effective February 2, 2004, based on the Board of Directors approval of a Financial Planning Committee recommendation, and subject to SEC approval, the Exchange will cap **Member Firm<sup>1</sup> Proprietary** and **Firm Facilitation** fees at \$75,000 per month per firm.

Specifics of the plan are as follows:

- Fees eligible for the cap program include Member Firm Proprietary and Firm Facilitation transaction and trade match fees in all products.
- Member Firm Proprietary and Firm Facilitation orders must include designated firm origin codes (e.g. "F") on trade input records to be eligible for the cap calculation.
- Cap calculations will be performed after each month-end and credits will be processed in the next billing period.

License fees for Member Firm Proprietary and Firm Facilitation fee cap: Due to CBOE's obligation to pay license fees on many products, the Exchange will assess a ten cent per contract license fee on all licensed products, excluding OEX, after a firm has reached a cap on Member Firm Proprietary and Firm Facilitation fees for any month.

Please contact Don Patton at 312-786-7026 or [patton@cboe.com](mailto:patton@cboe.com) if you have any questions.

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<sup>1</sup> To be eligible for the cap, more than 35% of a Member Firm's annual gross revenue must come from commissions and principal transactions with customers. A firm is required to verify they have met the over 35% minimum threshold by certifying they have reached this threshold and submitting a copy of their most recent annual report to the Exchange.