

Regulatory Circular RG05-31

Date: March 2, 2005  
To: The Membership  
From: Financial Planning Committee  
Subject: Enhanced Dividend Spread Fee Cap Program

On July 1, 2004 the Exchange initiated a dividend spread transaction fee cap of \$2,000 for market maker, firm and broker-dealer orders.

The program capped transaction fees at \$2,000 for any trade in which a dividend arbitrage could be achieved between any two deep in the money options (e.g. buy IBM Feb 70 calls and sell IBM Feb 80 calls).

Effective March 1, 2005, the program is enhanced by capping transaction fees at \$2,000 for all dividend spreads executed on the same trading day for the same class.

In order to benefit from the fee cap, a standard rebate request form with supporting documentation (e.g. clearing firm transaction data) must be submitted to CBOE Accounting within 30 days of the dividend spread trade date. Rebate request forms are available on the CBOE members website ([cboe.com](http://cboe.com)) or on the 6<sup>th</sup> floor in Accounting.

Rebates will be processed via a credit to the member's clearing firm at month-end. Clearing firms will see the rebate credits as a separate item on monthly CBOE billing statements.

The \$2,000 fee cap applies to CBOE transaction fees and excludes any marketing fee assessments. As you are aware, certain marketing fees are rebated when a market maker trades with another market maker. This market maker-to-market maker marketing fee rebate is processed separately.

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