

Regulatory Circular RG05-36

Date: March 31 2005
To: The Membership
From: Accounting
Subject: Enhanced Dividend Spread Fee Cap Pilot Program

Regulatory Circular RG05-31 dated March 2, 2005 detailed an enhancement to CBOE's dividend spread fee cap program. The purpose of this circular is to inform you the program is a pilot expiring September 1, 2005 and the effective date of the enhanced pilot program was March 2, 2005.

Key details of the program are detailed below, for your information.

Effective March 2, 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) or on the 6th 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 if you have any questions.