



To: The Membership
From: Accounting
Subject: S&P 500 Index Options LEAPS® Fee Waiver Program

The purpose of this circular is to inform you that CBOE has amended its Fees Schedule to waive fees for certain transactions in S&P 500 index ("SPX") options LEAPS through December 15, 2005. The effective date of this fee waiver program was September 26, 2005.

Specifically, CBOE will waive all trading related fees (transaction, floor brokerage and OBO fees) for transactions in which a market participant closes a position in reduced-value SPX LEAPS ("RV SPX LEAPS") and simultaneously opens a corresponding (i.e., equivalent strike price and expiration) position in full-value SPX LEAPS ("FV SPX LEAPS").

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

- The fee waiver would apply only to trades that close positions in RV SPX LEAPS and simultaneously (e.g., executed as a spread) open corresponding positions in FV SPX LEAPS. The fee waiver would apply on a 10-for-1 basis only¹; i.e., 10 RV SPX LEAPS equals 1 FV SPX LEAPS.
- Trade records must clearly indicate "closing" for RV SPX LEAPS trades and "opening" for corresponding FV SPX LEAPS trades.
- CBOE will issue the rebate via clearing firms as a credit in the month following the month in which qualifying transactions are executed. Clearing firms will see the rebate credits as a separate item on monthly CBOE billing statements.

Please contact Don Patton at 312-786-7026 or patton@cboe.com if you have questions regarding rebate processing, or Bill Speth at 312-786-7141 if you have questions regarding transactions that qualify for the fee waiver.

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¹ For example, if a market participant closes 100 contracts of the December 2006 120 strike RV SPX LEAPS and opens a 10 contract position in the December 2006 1200 strike FV SPX LEAPS, all trading related fees would be waived for all contracts in both transactions. However, if a market participant closes 100 contracts of the December 2006 120 strike RV SPX LEAPS and opens a 100 contract position in the December 2006 1200 strike FV SPX LEAPS, fees would be waived for all of the RV SPX LEAPS contracts but only for 10 contracts of the FV SPX LEAPS transaction. All standard fees would apply to the remaining 90 contracts of the FV SPX LEAPS transaction.