

Date: October 5, 2005
To: DPMs
From: Financial Planning Committee
Subject: Linkage Fees Rebates Increased October through December 2005

The Financial Planning Committee recommended and the Board of Directors recently approved an increase in the level of linkage fees rebates described below.

Effective October 1, 2005 through December 30, 2005, CBOE will rebate DPM transaction fees generated from transactions against customer orders that underlie outbound principal acting as agent (PA) orders. In addition, when DPMs incur fees to execute PA orders at other exchanges, those DPMs will be credited up to an additional \$.20 per contract, up to the amount of total fees CBOE receives from inbound linkage transaction fees.

Rebates for October in equity options will amount to 29 cents per contract (9 cents discounted CBOE transaction fee plus 20 cents related to fees from away exchanges).

Under the previous linkage fees rebate plan, DPMs were credited for CBOE transaction fees and up to 50% of CBOE transaction fees to assist in offsetting costs incurred in routing orders to away exchanges. For October 2005, the former plan would have amounted to a rebate of 13.5 cents in equity options (9 cents discounted CBOE transaction fee plus 4.5 cents related to fees from away exchanges).

Rebates to DPMs who elected the fixed fee program for 2005 are lower since CBOE variable transaction fees are not assessed to the DPM (only 20 cents related to away exchange fees are rebated).

The Financial Planning Committee will be analyzing the linkage fee rebate program during the 2006 budget review in the 4Q05.

Please call Don Patton (312-786-7026) if you have any questions.