



Regulatory Circular RG05-91

DATE: October 11, 2005

TO: Members and Member Organizations

FROM: Index Floor Procedure Committee

RE: RAES Volume Limit and RAES Log On/Log Off Requirements for the Jumbo Dow (DXL)

The purpose of this circular is to inform members and member organizations of the RAES volume limit for jumbo options on the Dow Jones Industrial Average ("DXL") and to remind DXL Market-Makers of the RAES log on and log off requirements in DXL.

**RAES ALLOCATION:**

The Index Floor Procedure Committee ("IFPC") has approved the use of the 1000 Spoke RAES Wheel in the DXL. The IFPC has determined that the size of each spoke in the 1000 Spoke RAES Wheel is 1 contract and the wedge size is 10. The assignment of RAES orders to each logged-on Market-Maker is based on the percentage of the Market-Maker's contracts traded in the index option class (excluding RAES contracts traded) during the review period.

**RAES VOLUME LIMIT:**

The IFPC has determined that the RAES volume limit for DXL will be 50 contracts for all DXL series (including LEAPS) with a price of \$50 or less.

**LOG ON REQUIREMENTS:**

Pursuant to CBOE Rule 24.17, any Market-Maker who has logged onto RAES in the DXL at any time during an expiration month, must continue to do so each time he or she is present in the DXL trading crowd until the next expiration. A Market-Maker may not be logged on RAES in the DXL trading crowd unless he or she is physically present in that respective trading crowd.

**LOG OFF REQUIREMENTS:**

Any Market-Maker who has logged onto RAES in DXL must log off RAES whenever he or she leaves the DXL trading crowd for other than a brief interval. A brief interval generally means no more than 10 minutes.

**FEE SCHEDULE FOR FAILURE TO ADHERE TO LOG ON/LOG OFF REQUIREMENTS:**

Except as otherwise provided in the subject Rules, a fee shall be due from any Market-Maker who fails to adhere to the log on or log off requirements as follows:

<b><u>NUMBER OF FAILURES WITHIN A CALENDAR YEAR</u></b>	<b><u>FEE AMOUNT</u></b>
1 - 3	\$100
4 - 6	\$250
7 +	\$500

Fee assessments may be appealed under Chapter XIX of Exchange Rules. The fee assessments do not constitute disciplinary or regulatory action reportable by a Market-Maker to the Securities and Exchange Commission. Please be aware, however, that these fees may be reportable to other organizations or exchanges.

Finally, be advised that Market-Makers who fail to abide to the requirements and obligations of Rule 24.17 may also be subject to disciplinary action under, among others, Rule 6.20 and Chapter XVII of the Exchange Rules. Such failure may also be the subject of remedial action by the appropriate Committee, including, but not limited to, suspending a Market-Maker's eligibility for participation on RAES and such other remedies as may be appropriate and allowed under Chapter VIII of the Exchange Rules.

Questions regarding the RAES log on and log off requirements in DXL may be directed to the Index Market Performance Committee. Questions concerning the DXL RAES volume limit may be directed to the RAES Supervisors at ext. 4340, or the CBOE Help Desk at (312) 786-7100.