



To: Members

From: Legal Division

Date: October 16, 2006

Re: Changes to Appointment Costs for Certain Hybrid 2.0 Option Classes

A rule change that modifies the “appointment costs” for certain Hybrid 2.0 option classes has been filed with the SEC and is effective. (See CBOE-2006-82, a copy of which change is available on CBOE’s website at www.cboe.com.)

Specifically, CBOE has amended the composition of Tier E such that it includes Hybrid 2.0 Classes 571 to 999. Currently, Tier E is composed of all remaining Hybrid 2.0 Classes that are not ranked among the top 570 Hybrid 2.0 Classes in terms of volume. The current appointment cost of .01 for Tier E classes remains the same.

Additionally, CBOE has created a new Tier F composed of all remaining Hybrid 2.0 Classes (Hybrid 2.0 classes 1000 and above) with an appointment cost of .001.

For additional information regarding this rule change, please refer to CBOE rule filing SR-CBOE-2006-82, or contact Patrick Sexton, Legal Division, at (312) 786-7467, Daniel Hustad at (312) 786-7715, or Angie Redell, Department of Market Quality Assurance, at (312) 786-7559.