



400 S. La Salle
Chicago, IL 60605

Regulatory Circular RG08-25

Date: February 08, 2008

To: Members and Member Organizations

From: Trading Operations

Re: Pass-Through of Linkage Costs for Non-Customer Orders

Effective January 1, 2008, Section 21 of the CBOE Fee Schedule was amended relative to the DPM Linkage Fee Credit Program for Principal ("P") orders. The Program was expanded to apply to any non-customer order underlying a P order, including market maker orders linked to away exchanges. In addition, the amounts credited to DPM accounts for non-customer linkage under the Program will now be passed through as an equal amount expense to the member originating the order underlying the P order. In order to recover the significant costs of this Program, the Exchange will charge the originating member for those underlying non-customer orders used to create outbound linkage P orders that trade on an away exchange. The amount of this charge, as more fully explained in Section 21 of the Fee Schedule, is comprised of transaction fees (or taker fee) at the away exchange, an OCC fee, the CBOE Sales Value Fee or similar fee of an away exchange, and clearing firm fees. Normal CBOE transaction fees will also be incurred by the non-customer order trading at CBOE.

The amended Program applies to any non-customer order that is used to create a linkage P order, including broker dealer, firm, market maker, and non-member market maker origins (B,F,M,N).

Market participants wishing to avoid these linkage costs should mark the order sent to CBOE as Immediate or Cancel (IOC). This will ensure the order either trades immediately at CBOE or a cancel is returned for unfilled volume. No linkage orders will be generated for an IOC order.

Note: For non-customer orders that generate a Principal order and trade at an away market, the terms of the linkage fill report will be used to trade the non-customer order at CBOE automatically. The executing broker will be marked XLK (for automated linkage) and the opposing side of the trade will be the DPM linkage account (Q account).

For questions or concerns regarding this circular, please contact Roger Mulcahy at (312) 786-7280, Tim Watkins at (312) 786-7172, or the CBOE Help Desk at (312) 786-7100.