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Regulatory Circular RG94-85

December 28, 1994

To: All Members
All Option Managers

From: Patrick Fay

Re: **As Of Add Transaction Fees & Summary Fines**

Effective January 1, 1995, pending Securities and Exchange Commission approval (which is expected this week), CBOE will implement changes to Rule 2.26 (the As Of Add Transaction Fee) and to Rule 17.50(g) (Summary fine violations). These changes include a cap on individual and firm monthly as of add fees and *institution of a summary fine* for substantial and repeated failures to submit trades on trade date.

Rule 2.26 assesses fees on a monthly basis for individuals and firms who submit more than a nominal level of trades after trade date. Individuals submitting more than 2.4% of their trades after trade date are assessed a fee of \$10 for each add above the nominal level. Firms are assessed a \$3 fee for each trade above the level of 1.2%. **The revised fee calculation limits fees to no more than \$500 per month for individuals and \$1,000 per month for firms.**

Summary fines for minor rule violations are issued under Rule 17.50(g), which will now include a fine schedule for As Of Adds. Individuals and members exceeding three times the nominal rate for two consecutive months will be issued a fine as follows:

<u>Violations in a 12 month period</u>	<u>Fine Amount</u>
1st violation	\$ 250.00
2nd violation	500.00
3 or more violations	1,000.00

Beginning on January 1, 1995 any member whose as of add rate exceeds 7.2% (three times the nominal rate of 2.4%) for two consecutive months will be fined. Any firm having an as of add rate above 3.6% (three times the nominal rate of 1.2%) for two consecutive months will be fined. These fines are in addition to the fees collected under Rule 2.26.

The Clearing Procedures Committee urges all individuals and firms to submit trades on trade date to avoid imposition of fees and/or fines. Individuals and firms who receive As Of add transaction fee charges may request verification of charges from the Exchange and may appeal the charges using procedures described in Rule 2.26. Questions concerning this memo may be directed to me at 786-7520 or Charlie Hullihan at 786-7176.