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## Regulatory Circular RG98-55

**Date:** May 20, 1998  
**To:** All Members and Member Organizations  
**From:** Market Operations Department  
**Re:** Implementation of Rule 2.30, Fee for Delayed Submission of Trade Information

As previously announced in Regulatory Circular RG98-31, CBOE has filed changes to Rule 2.30 with the Securities and Exchange Commission ("SEC"). These changes include consideration of all trades executed (Retail and Market Maker) and a reduction in the amount of time allowed for the entry of trades. However, due to required revisions in the billing process, **implementation of the revised rule will be delayed until the 4<sup>th</sup> quarter 1998**. Notification of the exact effective date will be made two months prior to implementation.

Pro-forma statements reflecting fees under the new rule will be distributed monthly to clearing firms beginning June 1998. Firms and members are encouraged to review these reports and initiate procedures to ensure compliance under the revised input requirements. A summary of the rule change is listed below.

**Pending updates to the billing process, any member or firm that fails to submit at least 80% of trades within 90 minutes of execution will be assessed an additional fee.** The 90 minute input requirement will decrease based on the following schedule:

Effective Date	Maximum Time Permitted for Trade Submission
<b>Initial Implementation .....</b>	<b>90 minutes</b>
<b>3 months after Implementation.....</b>	<b>75 minutes</b>
<b>6 months after Implementation.....</b>	<b>60 minutes</b>

Fees will be incurred on a daily basis and drafted monthly through the Options Clearing Corporation via CBOE's Integrated Billing system. Member fees will be drafted from the firm that Exchange fees are currently received. The fees will be calculated according to the following formulas:

### **Member Fee Calculation (Daily)**

1. Determine the percentage of trades received on-time (initially, trades received within 90 minutes divided by total number of trades) for each member, as designated by the executing broker acronym on the trade match record.
2. If the daily on-time percentage is below 80%, determine a fee to the member as follows:

$$\text{Fee} = 2 \text{ cents} * (1 - \text{on-time percent}) * \text{total contracts}$$

### **Firm Fee Calculation (Daily)**

1. Determine the percentage of trades received on-time (initially, trades received within 90 minutes divided by total number of trades) for each firm, as designated by the executing firm number on the trade match record.
2. If the daily on-time percentage is below 80% determine fee as follows:

$$\text{Fee} = 2 \text{ cents} * (80\% - \text{on-time percent}) * \text{total contracts}$$

Firms executing retail trades should note that trades awaiting account or CMTA information are **NOT** excluded from the input time requirements. Please notify your trading desk of these input requirements and request that all information necessary for trade input be provided in a timely manner.

Please direct any questions regarding this memo to Patrick Fay at 786-7520, Charlie Hullihan at 786-7176 or Hugh O'Neill at 786-7952.