



Patrick J. Fay

Assistant Vice President

400 S.

LaSalle Street

Chicago, Illinois 60605  
(312) 786-7520

FAX 786-7977

Regulatory Circular RG95-14  
(RG94-85, Revised)

February 1, 1995

To: All Members and All Option Managers

From: Patrick Fay

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

Effective January 3, 1995, CBOE implemented changes to Rule 2.26 (the As Of Add Transaction Fee) including the institution of a cap on individual and firm monthly As Of Add fees. 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.**

Effective February 1, 1995, the Securities and Exchange Commission also approved the institution of a summary fine for substantial and repeated failures to submit trades on trade date. 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 February 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. In addition, please be advised that pursuant to Rule 17.50(f) serious instances or extended periods of late trade submissions will be subject to investigation and possible disciplinary action notwithstanding Rule 17.50(g).**

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(c) and in Chapter XIX of the CBOE rules. Also, individuals and firms receiving As Of Add summary fines may appeal such fines using

procedures described in Rule 17.50. Questions concerning this memo may be directed to me at 786-7520 or Charlie Hulihan at 786-7176.