



LaSalle at Van Buren
Chicago, Illinois 60605
312 786-5600

Regulatory Circular RG99-150

Date: July 8, 1999

To: All Members and Member Organizations

From: Market Operations Department

Re: Rule 2.30, Fee for Delayed Submission of Trade Information

The CBOE has received approval from the Securities and Exchange Commission ("SEC") for a change to Rule 2.30 which will provide for reinstatement of the Trade Match Delayed Submission Fee. Under the new Rule, dates for reinstatement of this fee and dates for future reductions of the Maximum Time Permitted for Trade Submission ("Maximum Time") will be determined by the Clearing Procedure Committee with 30 days notice to the membership.

As previously noted in Regulatory Circular RG98-31, in order to encourage the timely submission of all trade activity to the Exchange's Trade Match system, Rule 2.30 was revised to include all trades executed (Retail and Market Maker) and to reduce the amount of time allowed for the entry of trades. These changes have been approved by the Floor Directors, the Clearing Procedure and the Financial Planning Committees.

Effective August 9, 1999, any member or firm that fails to submit at least 80% of trades within 90 minutes of execution will be assessed an additional fee. Under the Rule, The Clearing Procedure Committee is responsible for deciding when reductions in the Maximum Time go into effect, eventually being reduced to 60 minutes. As required under the Rule, the membership will be given 30 days notice of each Maximum Time reduction, each of which will last for no less than three months.

<u>Effective Date</u>	<u>Maximum Time Permitted for Trade Submission</u>
August 9, 1999	90 minutes
Upon Committee Approval (after 3 month duration of previous reduction and 30 days notice)	75 minutes
Upon Committee Approval (after 3 month duration of previous reduction and 30 days notice)	60 minutes

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 through which 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 see Information Circular IC98-96 which details procedures for post trade input of account information.

Pro-forma statements reflecting fees under the new rule will be distributed monthly to clearing firms for July and August 1999. Firms and members are encouraged to review these reports and initiate procedures to ensure compliance under the revised input requirements.

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.