

Class category	OCC average daily volume (# of contracts)	MAC per market maker per appointment per month
B .....	50,000 to 99,999 .....	3,000
C .....	25,000 to 49,999 .....	2,000
D .....	10,000 to 24,999 .....	750
E .....	5,000 to 9,999 .....	250
F .....	Less than 5,000 .....	100

## 2. MAC "Adjustments."

The MAC will not be applied during the first three calendar months following launch. Furthermore, the MAC will be "indexed" to BOX's overall market share as determined by OCC clearing volumes. At the beginning of each calendar month, BOX will calculate its market share for the previous month (market share equals total BOX traded volume divided by the total OCC cleared volume for the classes that BOX has listed). If BOX's overall market share is less than 10%, BOX will reduce the MAC applicable for each Market Maker according to the following table.

BOX market share	MAC applicable rate
0% to 4.99% .....	33.3%
5% to 9.99% .....	66.7%
10% and more .....	full MAC

## c. Volume discount on total volume traded across all assigned classes (calculated on monthly basis)

BOX will provide volume discounts to Market Makers who are particularly active on BOX. The discount is applied only after a Market Maker meets the minimum level of activity necessary to avoid paying a MAC for assigned classes. This discount is calculated monthly for the previous calendar month's total trading volume across all the classes that the Market Maker holds an appointment as follows:

Average daily volume as appointed Market Maker (applicable only if MAC thresholds are achieved)	Per contract
For all contracts up to a volume of 25,000 contracts .....	0
For the contracts traded between 25,000 and 50,000 (First Discount Threshold) ....	\$0.03
For the contracts traded above a total of 50,000 (Second Discount Threshold) .....	\$0.05

Example: Suppose that, in a given month which had twenty (20) trading days, a BOX Market Maker executed 1.2 million contracts. Of this total, 1.1 million executions were in the 100 classes for which he holds a market

maker appointment; the total trading fees due to BOX before discount is \$220,000 (\$0.20 multiplied by 1.2 million contracts).

The total volume across his appointments is an average daily volume ("ADV") of 55,000 contracts per day. 25,000 of these contracts (the excess over the first "threshold" of 25,000 ADV up to the second threshold of 50,000 ADV) are subject to a discount of \$0.03; an additional 5,000 of these contracts are subject to the second tier discount of \$0.05.

- First threshold discount:  $25,000 \times \$0.03 \times 20 \text{ days} = \$15,000$
- Second threshold discount:  $5,000 \times \$0.05 \times 20 \text{ days} = \$5,000$
- Total discount: \$20,000
- Net trading fees due to BOX for month: \$200,000 (\$220,000 - \$20,000)
- "Implied" trading fee per contract for Market Maker in assigned classes:  $\$200,000/1,100,000 = \$0.1818$

## Sec. 4 InterMarket Linkage

The following fees are in effect on a Pilot basis, to expire on January 31, 2004.

### a. Per contract, billed to BOX Participant

1. BOX trade triggered by an away market Satisfaction ("S") request. ....	\$0.40
Billed to BOX Participant having executed the offending side of the trade subject to the S request.	
2. Routing by BOX of PA and P orders, and S requests to away market .....	Free

### b. Per contract, billed to away market

1. S request received from away market and executed on BOX. .... Free
2. Inbound P and PA orders .... Same as if were BOX Participant. .... \$0.20

## Sec. 5 Technology Fees

### a. Point of Presence ("PoP") Connection Fee

BOX's Points of Presence are the sites where BOX Participants connect to the

BOX network for communication with the BOX Trading Host. Each of these PoPs is operated by a third party supplier under contract to BOX. The amount to be paid by each BOX Participant is variable based on his particular configuration, the determining factors being the number of physical connections a BOX Participant has and the bandwidth associated with each.

- "Installation" and "Hosting" costs are related to the physical installation of equipment (generally routers though possibly other hardware) at the PoP site. BOX Participants will be required to pay this fee only if they have physical installations at the BOX PoP and for which BOX incurs fees from its own service suppliers

- "Cross Connect" fees are per physical connection and vary by size from the smallest (T-1) to the largest (CAT 5)

Setup (one time change, not applicable for BOX Participants connected prior to launch)

Installation .....	\$350
Cross connect per T-1 .....	\$250
Cross connect per T-3 .....	\$350
Cross connect per CAT 5 .....	\$500

Monthly (applicable only after launch)

Hosting .....	\$200
Cross connect per T-1 .....	\$100
Cross connect per T-3 .....	\$200
Cross connect per CAT 5 .....	\$250

### b. CMS Order Routing Service

This service is optional for BOX Participants and is offered as an alternative to the FIX and proprietary gateways to the BOX Trading Host.

The CMS Gateway is a service provided by BOX to those BOX Participants who use the CMS protocol for routing orders. CMS may only be used for agency activities (and not for proprietary orders and market maker activities).

Monthly (applicable only after launch)