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CBOE Regulatory Circular RG14-029
C2 Regulatory Circular RG14-009

Date: February 28, 2014

To: CBOE and C2 Trading Permit Holders
From: Regulatory Services Division
RE: Changes in Reporting Requirements for Certain Broad-Based Index Option Positions

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This Regulatory Circular is to inform Trading Permit Holders ("TPHs") of changes to the procedures related to the reporting requirements for certain broad-based index options positions.

Under CBOE and C2 Rule 24.4, Interpretation and Policy .03,[1] each TPH[2] has an initial requirement to report positions if it holds an end of day position for its own account or for the account of a customer in the following broad-based index products that meets either of the following specifications:

- A position on the same side of the market in excess of 100,000 contracts for OEX, XEO, NDX, RUT, VIX, VXN, VXD, SPX (symbols SPX, SPXW and SPXQ), SPXPM, S&P 500 Dividend Index, CBOE S&P 500 Three-Month Realized Variance, CBOE S&P 500 Three-Month Realized Volatility and CBOE S&P 500 AM/PM Basis.
- A position on the same side of the market in excess of 1 million contracts for BXM (1/10th value) and DJX.

In calculating the applicable contract-reporting amount, positions in reduced-value contracts will be aggregated with full-value contracts (*e.g.*, 10 XSP options contracts equal 1 SPX full-value contract).

If the position is maintained at or above the reporting thresholds listed above, a subsequent report is required:

- on the business date following expiration; and
- when any change to the hedge results in the position being either unhedged or only partially hedged.

Reductions below these thresholds do not need to be reported.

TPHs are reminded that omnibus customer accounts that meet the reporting threshold are subject to the reporting requirement. In the event that no individual customer within the omnibus account holds a position that meets the reporting threshold, the TPH must provide documentation to demonstrate that no individual customer maintained a reportable position.

Reporting Requirements:

For positions that meet the reporting thresholds listed above, TPHs must report information as to whether the positions are hedged and provide documentation as to how such positions are hedged. Please refer to the attachment which illustrates the manner and format in which the report information should be submitted. **TPHs are to begin using this format no later than March 18, 2014.**

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[1] CBOE Rule 24.4 is incorporated into Chapter 24 of the C2 Rules.
[2] CBOE and C2 Market-Makers are excluded from this reporting requirement.

The report should include:

- the account name, account number, account type (customer, firm proprietary, firm foreign affiliate, Joint Back Office account) and tax ID or social security number and the account's "In-Concert" number, if applicable;
- a description of the end-of-day position;
- how the position is hedged, *e.g.*, stock portfolio current market value, other stock index option positions, stock index futures positions, and/or options on stock index futures. If the position hedge is based on deltas, provide the delta equivalents as noted in the attached form; and
- if the position is unhedged, indicate whether margin is used to carry the position.
    - Upon request by the Department of Market Regulation, TPHs may be required to provide margin related documentation for unhedged accounts.

Where to Report:

Reports should be submitted to the Department of Market Regulation via email at IndexReporting@cboe.com using the attached form. The form is also available in a downloadable format at https://www.cboe.org/members/GeneralInfo/.

Additional Information:

Please contact the Regulatory Interpretations and Guidance team at RegInterps@cboe.com or (312) 786-8141 for additional information.

(Replaces CBOE Regulatory Circular RG10-10)

Under CBOE and C2 Rule 24.4, Interpretation and Policy .03, each TPH has an initial requirement to report positions if it holds an end of day position for its own account or for the account of a customer in certain broad-based index option products. If the position is maintained at or above the reporting thresholds listed in the rule, a subsequent report is required: 1) on the business date following expiration; and 2) when any change to the hedge results in the positions being either unhedged or only partially hedged. Reductions below the reporting thresholds do not need to be reported. Reporting requirements do not apply to CBOE and C2 Market-Makers.

The report must include:

1) the account name, account number, account type (e.g., customer, firm proprietary or foreign affiliate, JBO, etc.) and the tax ID or social security number and the "In-Concert" number, if applicable;
2) a description of the end-of-day position;
3) how the position is hedged, *e.g.,* stock portfolio current market value, other stock index option positions, stock index futures positions, and/or options on stock index futures. If the position hedge is based on deltas, provide the delta equivalents as noted in the form; and
4) if the position is unhedged, indicate whether margin is used to carry the position. Upon request by the Department of Market Regulation, TPHs may be required to provide margin related documentation for unhedged accounts.

Reports should be submitted to the Department of Market Regulation as an email attachment to IndexReporting@cboe.com.

Account Type	**In Concert Account Number**	**Account Name and Address**	**SSN or Tax ID**	**Index Option**	**Index Option Position**				**Hedge**	**Collateral / Margin**	**Hedge Description and Position**				
Cust.; F Prop; F Foreign Affiliate; JBO; Omnibus; Prime Brokerage; Other*				**Symbol**	**Long Call / Short Put**	**Short Call / Long Put**	**Net Delta Equivalent**	**Position Date mm/dd/yy**	**Y / N**	**Y / N**	**Index Futures, Index, ETF, or Equity Options, Stock, other**	**Deriv. Symbol**	**Net Long / Short Deriv. or Stock Position Market Value**	**Expiration Date mm/dd/yy**	**Hedge Net Delta Equivalent, if applicable**

* Explain account type