CBOE Regulatory Circular RG14-165

DATE: **November 21, 2014**
TO: CBOE Trading Permit Holders
FROM: Regulatory Services Division
RE: Rule 6.67 – CBOE Trade Match System ("CTM")

This Regulatory Circular Replaces Regulatory Circular RG 14-112

On October 24, 2014, Chicago Board Options Exchange, Incorporated ("CBOE" or the "Exchange") submitted a rule filing to adopt new Rule 6.67, which relates to the existing CBOE Trade Match System ("CTM") functionality. CTM is a system in which authorized Trading Permit Holders ("TPHs") may enter and report transactions that have been effected on the Exchange in accordance with the Exchange's rules or to correct bona fide errors. New Rule 6.67 codifies what post trade modifications via CTM are permitted and further specifies which changes will require notification to the Exchange. This circular does not supersede Regulatory Circular RG95-49.

Unless otherwise permitted by Exchange Rules[1] the following actions are considered improper uses of CTM functionality and generally should not be performed on trade records via the CTM system:

- Changing the series (including the class symbol, expiration date, or strike price) on a trade to one other than was originally transacted on the Exchange.
- Changing the contract quantity on a trade to one other than was originally transacted on the Exchange.
- Changing the execution price on a trade to one other than was originally transacted on the Exchange.
- Adding a trade record for a transaction that did not occur on the Exchange.

The following fields may be changed by a TPH through the use of CTM <u>without notice</u> to the Exchange:

1) Executing Firm and Contra Side
2) Executing Broker and Contra Broker
3) Clearing Member Trade Agreement ("CMTA")
4) Market-Maker Account and Sub Account
5) Customer ID
6) Position Effect (open/close)
7) Optional Data
8) Origin Code[2]

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[1] For example, CTM changes made pursuant to Rules 6.19, 6.52, and 6.61, and RG95-49 contemplate the use of CTM changes.

[2] The Origin Code field may be changed without notice to the Exchange provided the change is not from a customer origin code (C) to any other origin code.

Effective **November 24, 2014**, the following fields may be changed by a TPH through the use of CTM but require notification to the Exchange and must be consistent with what was originally transacted:

1) Series
2) Quantity[3]
3) Buy or Sell
4) Premium Price[4]
5) Origin Code[5]

Notification of the above mentioned changes must be made as soon as practicable, but no later than fifteen (15) minutes after the change has been made. To provide notice to the Exchange, a TPH must complete and submit a CBOE Trade Match Change Form ("CTM Change Form"). The CTM Change Form is located at: https://www.cboe.org/publish/TPHForms/CBOETradeMatchChangeForm.pdf. The form is to be submitted to CTMchanges@cboe.com. Such changes will be reviewed by Exchange personnel after the change has been made, and a TPH found to have made an improper modification would be subject to appropriate disciplinary action.

Please note that any improper changes made through CTM shall be processed and given effect, but would be subject to appropriate disciplinary action in accordance with the Rules of the Exchange. Additionally, nothing in this Rule is intended to define or limit the ability of the Exchange to sanction or take remedial action pursuant to other Exchange rules for violations or other activity for which remedial measures may be imposed.

Additional Information:

Please see rule filing SR-CBOE-2014-082 for additional information. Operational questions regarding the submission of notice format may be directed to CBOE Market Services at marketservices@cboe.com or (312) 786-7950.

Questions regarding this Regulatory Circular may be directed to the Regulatory Interpretation and Guidance Line, (312) 786-8141 or RegInterps@cboe.com.

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[3] Users must report changes which result in a difference between the original and updated cumulative trade quantity. Post-trade account/CMTA re-allocations which do not result in a change to the cumulative trade quantity do not have to be reported.

[4] For a CTM change to the premium price pursuant to Rules 6.19 or 6.52, advanced notice will be satisfied by following the procedures set forth in Regulatory Circular RG 14-141.

[5] If the origin code is changed from a customer (C) origin code to any other origin code, a TPH must provide notice to the Exchange.