

REGULATORY CIRCULAR RG99-191

Date: September 29, 1999
To: Members and Member Firms
From: Regulatory Services Division
Re: Disciplinary Action By Other Organizations

Please Route To: **Compliance Department**
 Senior Registered Options Principal
 Compliance Registered Options Principal
 Registration Department

Exchange Contacts: David E. Carlson at (312) 786-7052
 Barry J. Szurgot at (312) 786-7756

Disciplinary Action by Other Organizations

Exchange Rule 4.9 - Disciplinary Action by Other Organizations requires that each member organization shall promptly notify the Exchange in writing of any disciplinary action taken by any national securities exchange or association, clearing corporation, commodity futures market or government regulatory body against the member or its associated persons. Additionally, each member organization shall similarly notify the Exchange of any internal disciplinary action taken by the member itself against any of its associated persons involving suspension, termination, the withholding of commissions or the imposition of fines in excess of \$2,500, or any other significant limitation on activities.

Key Issues

- Other self-regulatory organizations ("SRO") have similar reporting requirements to report internal and/or SRO disciplinary actions.
- To report internal disciplinary actions, a member organization must file directly with the CBOE's Department of Financial and Sales Practice Compliance in one of two ways. The member organization must either send to the CBOE a copy of Form RE-3 with Box #10 checked (which is identical to the internal discipline requirement of CBOE Rule 4.9) or through written correspondence.

- To report disciplinary actions taken by any regulatory body against a current registered employee, a member organization must file an amended Uniform Application for Securities Industry Registration Form ("U-4) electronically with Web CRD.
- To report disciplinary actions taken by any regulatory body against a member organization, a member organization must file an amended Uniform Application for Broker-Dealer Registration Form ("BD") electronically with Web CRD.
- To better assist the Exchange, filings made pursuant to Rule 4.9 should expressly reference whether options were or were not involved in the relevant activity that resulted in regulatory action or firm disciplinary action against a member or any of its associated persons.

Questions regarding this Regulatory Circular should be directed to David E. Carlson at (312) 786-7052, or Barry J. Szurgot at (708) 786-7756 in the Department of Financial and Sales Practice Compliance.