Regulatory Circular RG13-038

Date: **March 7, 2013**

To: Trading Permit Holders
From: Regulatory Services Division
RE: Order Origin Code Requirements

This Regulatory Circular is being issued to remind Trading Permit Holders (TPHs) of the Exchange's rules relating to the requirement to record the appropriate account origin code when accepting orders electronically, via telephone or in-person. Since various rules of trading procedure distinguish between orders of differing origin, the correct code must be recorded on **all** orders at the time of entry to insure proper execution.

Current CBOE Order Origin Codes

"B" for orders for the account of a broker/dealer, *including foreign broker/dealers,* even though the account may clear in the customer range at OCC

"C" for non-broker/dealer customer account orders

"D" for non-TPH broker/dealer account **FLEX** orders

"F" for OCC clearing member firm proprietary account orders

"J" for joint back office (JBO) accounts to be cleared into the Firm range at the OCC

"L" for orders for the account of Non-Trading Permit Holder Affiliates effected for the purpose of hedging the proprietary over-the-counter trading of the Clearing Trading Permit Holder or its affiliates to be aggregated with the trading activity of the Clearing Trading Permit Holder for purposes of the Multiply-Listed Options Fee Cap and CBOE Proprietary Products Sliding Scale for Clearing Trading Permit Holder proprietary orders; a "Non-Trading Permit Holder Affiliate" is defined as a 100% wholly-owned affiliate or subsidiary of a Clearing Trading Permit Holder that is (i) registered as United States or foreign broker/dealer and (ii) is not itself a CBOE Trading Permit Holder

"M" for CBOE TPH Market-Maker orders

"N" for orders for the account of a market-maker or specialist on another options exchange

"W"[1] for orders for the account of non-broker/dealer customer accounts who (i) place more than 390 orders in listed options per day on average during a calendar month for their own beneficial account(s) pursuant to Exchange Rule 1.1(ggg) (i.e. "Professionals") or (ii) voluntarily have their orders categorized as broker/dealer orders for order handling, order execution and cancel fee calculation purposes pursuant to Exchange Rule 1.1(fff) (i.e. "Voluntary Professionals")

"Y" for orders for the account of a specialist registered in the underlying stock at the primary exchange for trading the stock

For FLEX Options, orders for TPHs must use origin code B, F or M and orders for non-TPHs must use origin codes C, D, L, N, or Y, as appropriate.

---

[1] This origin code is not available for use in Hybrid 3.0 or FLEX classes.

Please refer to the attached flow chart which illustrates the manner in which the various CBOE order origin codes clear at The Options Clearing Corporation.
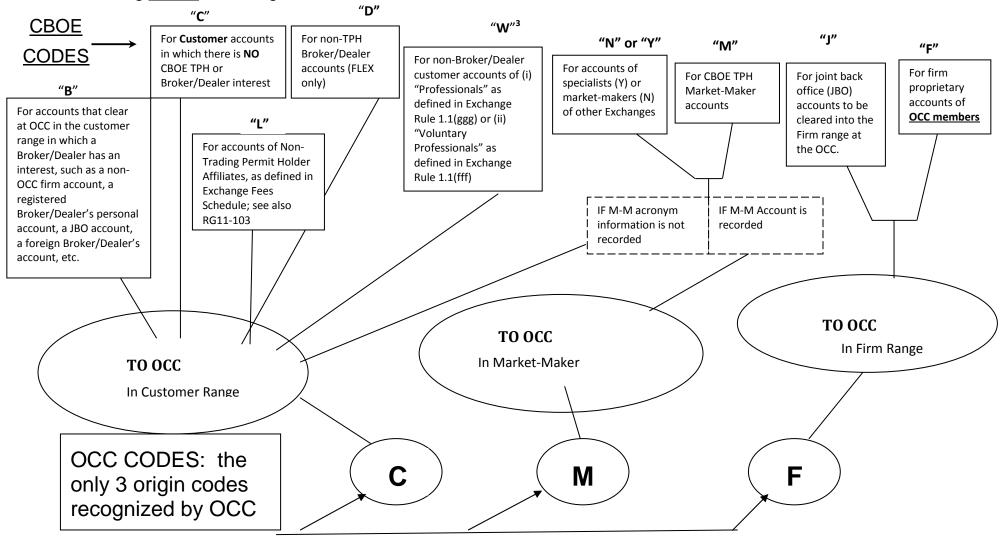
Additional Information:

Transactions fees for origin codes are detailed in the Exchange's fee schedule which can be found at http://www.cboe.com/TradingResources/FeeSchedule.aspx

Please be advised that failure to obtain and record the correct account origin may constitute a violation of Exchange Rule 6.51. Clearing Trading Permit Holders and TPH organizations should assure that persons receiving orders are instructed to obtain and record the appropriate origin code information. Questions regarding this circular may be directed to the Regulatory Interpretations & Guidance team at (312) 786-8141 or reginterps@cboe.com.

(RG12-057, Revised)

The following **CBOE** order origin codes clear at OCC in the manner described below.

CBOE CODES →

"C"
For **Customer** accounts in which there is **NO** CBOE TPH or Broker/Dealer interest

"D"
For non-TPH Broker/Dealer accounts (FLEX only)

"W" [3]
For non-Broker/Dealer customer accounts of (i) "Professionals" as defined in Exchange Rule 1.1(ggg) or (ii) "Voluntary Professionals" as defined in Exchange Rule 1.1(fff)

"N" or "Y"
For accounts of specialists (Y) or market-makers (N) of other Exchanges

"M"
For CBOE TPH Market-Maker accounts

"J"
For joint back office (JBO) accounts to be cleared into the Firm range at the OCC.

"F"
For firm proprietary accounts of **OCC members**

"B"
For accounts that clear at OCC in the customer range in which a Broker/Dealer has an interest, such as a non-OCC firm account, a registered Broker/Dealer's personal account, a JBO account, a foreign Broker/Dealer's account, etc.

"L"
For accounts of Non-Trading Permit Holder Affiliates, as defined in Exchange Fees Schedule; see also RG11-103

IF M-M acronym information is not recorded

IF M-M Account is recorded

TO OCC
In Customer Range

TO OCC
In Market-Maker

TO OCC
In Firm Range

OCC CODES: the only 3 origin codes recognized by OCC

C

M

F

NOTE: As depicted above, an order for the proprietary account of a Broker/Dealer will clear at OCC in the customer range if the Broker/Dealer is not an OCC member; yet, the CBOE requires the "B" origin code. If the Broker/Dealer is an OCC member, then the proprietary order would be recorded with an "F" code.
(Contact the Regulatory Interpretations & Guidance team at (312) 786-8141 or reginterps@cboe.com with any questions)

[3] The "W" origin code is not available for use in Hybrid 3.0 or FLEX classes.