

Regulatory Circular RG13-154

Date: November 29, 2013

To: Trading Permit Holders

From: Regulatory Services Division

RE: Exchange Rule 6.51 – “Reporting Duties”

This Regulatory Circular reminds Trading Permit Holders (TPHs) of their trade reporting duties pursuant to Exchange Rule 6.51.

Trade Reporting Requirements¹

Exchange Rule 6.51(a) requires that a participant in each option transaction designated by the Exchange must report or ensure the transaction is reported to the Exchange within ninety (90) seconds of execution so that the trade information may be reported to time and sales reports. Transactions not reported within 90 seconds after execution shall be designated late. A pattern or practice of late reporting without exceptional circumstances may be considered conduct inconsistent with just and equitable principles of trade and subject to summary fine under Exchange Rule 17.50 or to discipline by the Business Conduct Committee. Rule 6.51(d) requires that TPHs file with the Exchange certain trade information in such form as may be prescribed by the Exchange to properly match and clear trades.²

Interpretation and Policy .01 of Rule 6.51 sets out the procedures the Exchange has established for reporting. Rule 6.51.01 requires that **both the buyer and the seller** shall immediately record on a card or ticket, or enter in an electronic data storage medium acceptable to the Exchange,³ the following information:

- their assigned broker initial code (acronym);
- the identity of their clearing firm (if applicable);
- the contra TPH's assigned broker initial code (acronym);
- the name or clearing number of the contra TPH's clearing firm;
- the symbol of the options class;
- the type, expiration month and exercise price of the option contract;
- the transaction price;
- the number of contracts comprising the transaction;
- the execution time of the transaction;
- the account origin code (see Regulatory Circular RG13-038 for a list of account origin codes);
- either an opening or closing transaction (except for transactions executed by or for a Market-Maker);⁴ and

¹ Separate from the trade reporting requirements, TPHs are reminded that Exchange Rule 6.24 contains certain requirements for orders to be systematized either before sent to the Exchange or upon receipt on the floor of the Exchange. Please refer to Rule 6.24 for further information.

² Rule 6.51(b) requires that, for each transaction on the Exchange in which a TPH participates, a TPH shall report the transaction as promptly as possible to the TPH for whom such transaction was made and/or to the TPH that will clear such transaction in a form and manner prescribed by the Exchange. See paragraph (b) and Interpretation and Policy .01 for further information.

³ Such systems include, for example, PAR workstations, Market-Maker hand-held terminals, and such other systems that the Exchange may deem acceptable.

⁴ See Rule 6.51(d)(j) and (m) (*i.e.*, “such other information as may be required by the Exchange”). Rule 6.51 also provides the Exchange with the authority to prescribe the form in which trade information is submitted in order to

- any other transaction information as prescribed by Exchange Rules or Regulatory Circulars.

As noted above, Rule 6.51(a) also imposes a 90-second reporting requirement. In that regard, Interpretation and Policy .01 of Rule 6.51 requires that each transaction on the Exchange be reported for time and sales purposes within 90 seconds of execution by the seller, or buyer if designated by the Exchange. In the case of TPHs not using electronic medium to report trades, the rule indicates that a paper form copy of the transaction record is to be placed on the price reporting belt provided at the station. In that regard, please note that the paper form copy of the transaction record should be provided to the Reporting Desk located at Post 10, Station 3 of the Exchange. Alternatively, this reporting requirement may be fulfilled by providing the information through an electronic data link approved by the Exchange.⁵

Transactions reported electronically. For transactions that occur electronically in CBOE Command, and transactions that occur in open outcry and are reported via PAR workstations or Market-Maker handheld terminals, transaction reports required by Rule 6.51(a) are automatically generated. The following table describes trade reporting designations for the purposes of this rule:

| BUYER MECHANISM | SELLER MECHANISM | TRADE REPORT MECHANISM (TO OPRA) |
|-----------------|------------------|----------------------------------|
| CBOE Command | CBOE Command | CBOE Command |
| PAR | PAR | Seller's PAR |
| PAR | MM handheld | PAR |
| MM handheld | PAR | PAR |
| MM handheld | MM handheld | Selling MM handheld |

Additional Information:

Questions regarding this Regulatory Circular should be directed to CBOE's Regulatory Interpretations and Guidance team at (312) 786-8141 or reginterps@cboe.com.

allow the Exchange to properly prioritize and route orders pursuant to rules of the Exchange and report resulting transactions to The Options Clearing Corporation.

⁵ Then, under the procedures prescribed in the Rule, **both the buyer and the seller** in each transaction will immediately provide the transaction record to the TPH for whom the transaction was executed and/or the Clearing TPH that will clear the transaction. TPHs not using electronic medium to report trades are expected to provide the transaction record to the TPH for whom the transaction was executed and/or to the Clearing TPH that will clear the trade as promptly as possible. A TPH receiving a report of execution from another TPH shall immediately forward the report to the Clearing TPH that will clear the transaction. See footnote 2 above.