

## Regulatory Circular RG13-162

**Date:** December 19, 2013

**To:** CBOE and CBSX Trading Permit Holders

**From:** Department of Market Regulation – Options Regulatory Surveillance Authority

**RE:** Form OE-418 and Attachments

2013 Year-End Filing

Due March 3, 2014

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### Introduction

CBOE Rule 4.18 requires every Trading Permit Holder (“TPH”) or TPH organization to establish, maintain and enforce written policies and procedures reasonably designed to prevent the misuse, in violation of the Securities Exchange Act of 1934 (the “Act”) and CBOE Rules, of material nonpublic information by the TPH or persons associated with the TPH.

The Exchange has created a set of forms (OE-418 and its attachments) intended to assist TPH individuals and small TPH organizations who meet certain criteria discussed below to satisfy the requirements of Rule 4.18. Qualified TPHs that file the forms in an accurate and timely manner and comply with the policies and procedures mandated by those forms will be deemed in compliance with the filing and record-keeping requirements of the Rule.

### Eligibility:

Among other things, Rule 4.18 requires that each TPH that is required to file FOCUS Reports (SEC Form X-17A-5) annually (as opposed to monthly) as required by Rule 15.5 must also file an attestation that the aforementioned procedures have been established, enforced and maintained. For purposes of satisfying this submission requirement, form OE-418 and its attachments may be used by:

1. Individual TPHs with no employees
2. Individual TPHs who employ no more than three non-TPH employees<sup>1</sup>
3. TPH organizations with no more than three employees who are nominees and which employ no more than six non-TPH employees

Larger TPH organizations that believe that they may rely on the form OE-418 and its attachments to maintain compliance with Rule 4.18 must submit an explanation as to why they believe the forms to be sufficient.

Factors which affect the ability of a given TPH to use the forms as a sole means of complying with Rule 4.18 include but are not limited to the following: size of organization; access during the course of normal business to material nonpublic market or corporate information; regular communications with listed corporations; relationships and/or business dealings with persons associated with listed corporations.

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<sup>1</sup> The term “non-TPH employee” refers to anyone who performs services for a TPH in connection with the TPH’s business as a TPH and who is not also a TPH.

Please be advised, however, that clearing TPHs, TPH organizations registered to do business with the public, and those that are registered with more than one securities exchange or the Financial Industry Regulatory Authority (FINRA) are ineligible to rely solely on the forms to establish compliance with Rule 4.18. Note that the forms were developed with a view to constituting the minimum policies and procedures required by Rule 4.18. In addition, the Exchange cannot warrant that use of the forms is sufficient to bring any particular TPH into compliance with any provisions of the Act related to the misuse of material nonpublic information. Each TPH and TPH organization must evaluate the appropriateness of the forms relative to the nature of their business.

#### TPHs and TPH Organizations That Do Not Use Form OE-418 and Its Attachments

A TPH who decides not to use form OE-418 and its attachments as the basis for complying with Rule 4.18 and who is required to file FOCUS reports (SEC Form X-17A-5) with the Exchange annually (as opposed to monthly) *must* address correspondence to the Exchange which includes an attestation that they have established, maintained and enforced written policies and procedures to prevent misuse of nonpublic information.

#### List of Forms:

The OE-418 set of documents is composed of the following:

##### Document Descriptions

1. Instructions
2. General Information and Attestation
3. Affirmation of Compliance by non-TPH employees
4. Employee Account Checklist

##### Applicable Form

OE-418  
Attachment A  
Attachment B

All OE-418 documents listed above can be downloaded from <http://www.cboe.org/RegForms> and should be mailed to Jordan Materna, 400 S. LaSalle, Chicago, IL 60605 or emailed as attachments to [materna@cboe.com](mailto:materna@cboe.com), no later than **March 3, 2014**.

#### Questions and Additional Information:

TPHs that have questions regarding how to complete the forms may call the Regulatory Interpretations and Guidance Line at (312) 786-8141 or email [RegInterps@cboe.com](mailto:RegInterps@cboe.com).

*Note that Exchange Staff are not permitted to provide advice as to a TPH's eligibility to use the forms.* TPHs that, after reading the instructions and the forms, are unsure as to the suitability of the forms as a means of establishing their own compliance with Rule 4.18 are advised to consult their own legal counsel.