

Regulatory Circular RG14-128

Date: August 22, 2014

To: Trading Permit Holders

From: CBOE Help Desk
Registration Services Department

RE: Give Up of Clearing Trading Permit Holders

On July 24, 2014, the Securities and Exchange Commission (SEC) approved Chicago Board Options Exchange, Incorporated's (CBOE or Exchange) rule to amend CBOE rules governing the process in which a Trading Permit Holder (TPH) "gives up" or selects the Clearing Trading Permit Holder (CTPH) responsible for the clearance of an Exchange transaction. Effective **October 24, 2014**, all non-Market-Maker TPHs will only be permitted to give up a Designated Give Up or their Guarantor.

Who can be a Give Up

A non-Market-Maker TPH will only be able to give up either a "Designated Give Up" or the TPH's "Guarantor." A Designated Give Up is any CTPH that a TPH (other than a Market-Maker) identifies to the Exchange as a CTPH that the TPH would like to have the ability to give up. A Guarantor is defined for purposes of Rule 6.21 as a CTPH that has issued a letter of guarantee or letter of authorization for the executing TPH.

How to Identify Designated Give Ups

To designate a "Designated Give Up," a non-Market-Maker TPH must submit a Notification of Identified Designated Give Ups Form (Notification Form) to the Registration Services Department (RSD). There is no minimum or maximum number of CTPHs that a TPH must identify as a Designated Give Up. Each non-Market-Maker TPH shall automatically be enabled to give up its Guarantor (i.e., TPHs do not need to identify their Guarantor on the Notification Form). The Exchange notes however, that a TPH may identify its Guarantor as a Designated Give Up on the Notification Form if the TPH wishes to retain the ability to give up its current Guarantor even if the TPH changes to a new Guarantor. If a TPH does not identify its current Guarantor on the Notification Form, the TPH would not be able to give up that Guarantor if it changes to a new Guarantor until and unless it submits a Notification Form explicitly identifying that Guarantor as a Designated Give Up.

Notification Forms will be accepted starting **September 2, 2014**. The Notification Form is located at <https://www.cboe.org/publish/TPHForms/TPHNotificationDesignatedGiveUp.pdf>. The form is to be submitted to giveups@cboe.com and must be signed by an authorized signatory of the TPH. The Exchange will process the Notification Forms and enable identified Designated Give Ups and Guarantors for submitting TPHs on a rolling basis. To provide the Exchange sufficient time to enable all identified Designated Give Ups and Guarantors for each non-Market-Maker TPH, TPHs must submit their initial Notification Forms by **October 17, 2014**. TPHs that submit a Notification Form between October 17 and October 24 cannot be assured that their forms will be processed by October 24, 2014. If a TPH has not submitted a Notification Form by October 24, 2014, the TPH will only be able to give up its Guarantor until and unless the TPH submits a Notification Form identifying Designated Give Ups.

Notification to Clearing Trading Permit Holders

The Exchange will notify a CTPH, in writing and as soon as practicable, of each TPH that has identified the CTPH as a Designated Give Up. CTPHs will receive a notification identifying all

TPHs that have identified the CTPH as a Designated Give Up during the initial implementation period (i.e., from September 2, 2014 through October 23, 2014) on **October 23, 2014**.

After October 24, 2014, CTPHs will receive notifications of TPHs that have identified them as a Designated Give Up on a rolling basis. Unless otherwise provided, the Exchange will provide these notifications in writing to the CTPH's Compliance Officer on file. If a CTPH wishes to change this contact, the CTPH must submit an Authorized Designated Give Up Contact Form which lists the contact information for the individuals authorized to receive these notifications. The form is located at <https://www.cboe.org/publish/TPHForms/CTPHAuthorizedDesignatedGiveUpContactForm.pdf>. The form is to be submitted to giveups@cboe.com and must be signed by an authorized signatory of the CTPH.

Acceptance of a Trade

Effective October 24, 2014, a Designated Give Up may determine to not accept a trade on which its name was given up so long as it believes in good faith that it has a valid reason not to accept the trade. Additional information relating to the process to reject a trade will be announced in a forthcoming circular.

Additional Information

Please see rule filing [SR-CBOE-2014-048](#) for additional information. Questions regarding the operational matters related to this circular may be directed to the CBOE Help Desk at (866) 728-2263 or helpdesk@cboe.com. Questions regarding the submission of the Notification Form may be directed to Registration Services Department at (312) 786-7449 or registration@cboe.com. Regulatory questions regarding this circular may be directed to the Regulatory Interpretations and Guidance team at reginterps@cboe.com or (312) 786-8141.