

CBOE Regulatory Circular RG15-026 C2 Regulatory Circular RG15-007

Date: February 20, 2015

To: CBOE and C2 Trading Permit Holders

From: Regulatory Services Division

RE: Transition of Certain Regulatory Services Performed on Behalf of the Exchanges by FINRA

On December 19, 2014, CBOE and C2 (collectively the “Exchanges”) signed an agreement with FINRA under which FINRA began performing certain regulatory services on behalf of the Exchanges beginning January 1, 2015.

To help your firm with the transition of certain of the Exchanges’ regulatory services to FINRA, below is information regarding the following:

- FINRA points of contact
- Accessing FINRA systems
- Filing information with FINRA
- Examination information

As described further below, the Exchanges and FINRA want to encourage Trading Permit Holders (“TPHs”) to voluntarily begin submitting certain regulatory filings to FINRA using FINRA’s Firm Gateway. The submission of these filings to FINRA through the Firm Gateway will provide certain efficiencies to TPHs, the Exchanges and FINRA.

Interacting With FINRA

FINRA has assigned a dedicated Regulatory Coordinator (“RC”) to each firm that it regulates on behalf of the Exchanges. The RC will serve as your firm’s point of contact with FINRA. The assigned FINRA RC has been in touch or will be in touch shortly with your firm to provide specific contact information.

TPHs and persons associated with TPHs are reminded that they must cooperate with a regulatory request from FINRA on behalf of CBOE or C2, as if the request was issued by CBOE or C2. The actions of a TPH or person associated with a TPH that resists cooperation, reluctantly or incompletely complies with a request for information, documentation or testimony or otherwise inhibits, limits or delays FINRA’s ability to promptly and thoroughly review a matter on behalf of CBOE or C2, may be subject to disciplinary action for a violation of CBOE Rule 17.2, Complaint and Investigation, or C2 Chapter 17.

Accessing FINRA Systems and Filing Information with FINRA through FINRA’s Firm Gateway

FINRA’s [Firm Gateway](https://firms.finra.org/) (<https://firms.finra.org/>) is a portal that provides consolidated access to various FINRA regulatory systems. Each TPH has a member of its staff assigned as a FINRA Super Account Administrator (“SAA”), who is familiar with the Firm Gateway and can provide assistance to other staff in accessing it. Once a TPH has completed the entitlement process, the TPH’s SAA will grant access to individual systems within the Firm Gateway. FINRA will assist your firm in obtaining the appropriate FINRA Firm Gateway entitlements needed to submit electronic filings. TPHs will use their current FINRA entitlement user ID and password to access the Firm Gateway.

Certain Firm Gateway regulatory filing and notification functions will become available to TPHs that are not FINRA members beginning March 16, 2015 and others will become available in the coming months (as noted below). For example, beginning March 16th, TPHs will be able to submit notifications required pursuant to SEA Rule 15c3-1(e) to the Exchanges via the Firm Gateway on a voluntary basis (a

mandatory use date will be announced later). As another example, TPHs will be required to submit Annual Audit and FOCUS Reports to the Exchanges via the Firm Gateway beginning on a later date to be announced via Regulatory Circular. Each TPH will be provided access to the additional functionality to address filings and notifications by its SAA. (Please note that TPHs that are FINRA members already have access to these Firm Gateway regulatory filing and notification functions in their capacity as FINRA members.)

For Firm Gateway technical questions, TPHs should contact FINRA's Technical Support Group at (301) 869-6699.

Web CRD – Available Now

Your firm should continue to submit its Form BD, Form U4 and Form U5 filings through Web CRD, which is accessible through the Firm Gateway.

Request Manager – Available Now

Request Manager streamlines the examination document request and production process, and creates an audit trail of requests and productions that benefit both FINRA and your firm. Your SAA will request entitlement to this application. You will receive more information about this system during the next examination performed by FINRA.

FINRA Contact System – Available at a Later Date to Be Announced

Each CBOE and C2 TPH will provide certain contact information to FINRA via the FINRA Contact System ("FCS"). The [FCS](#) is the place to provide FINRA with these contacts at your firm. You may access the FCS at <http://www.finra.org/fcs>. TPHs that are not FINRA members will receive more information about this system at a later date. TPHs that are FINRA members already have access to FCS and are required to maintain certain information as FINRA members. For now, TPHs that are FINRA members should note that comparable contact information that is required to be filed with the Exchanges should continue to be filed with the Exchanges in the same manner as is filed today.

e-FOCUS and Certain Financial and Other Filings – Interim Process

As mentioned above, the submission of various regulatory filings by CBOE and C2 TPHs will transition to the electronic filing platform available via FINRA's Firm Gateway. The timing of the transition to FINRA's electronic filing platform will vary and be announced via Regulatory Circular. In some cases, the transition may depend on the effectiveness of a rule change filing.

In particular, for now, TPHs that are net capital computing must continue to file electronically monthly and quarterly FOCUS Reports via the Winjammer system. TPHs that file an annual FOCUS Report and are not net capital computing must continue to file annual FOCUS Report and Schedule 1 by sending a hard copy to the Exchange or filing electronically via the Winjammer system (see CBOE Rule 15.5.02 and .03 and C2 Chapter 15).¹ Pending the effectiveness of a rule change filing, the Exchange intends to announce via Regulatory Circular the date on which TPHs must begin submitting these FOCUS Reports via the eFOCUS system, which is available via FINRA's Firm Gateway. In the meantime, TPHs that currently file FOCUS Reports with the Exchanges should continue to do so using the existing Winjammer or hardcopy method, as applicable.

In addition to FOCUS Reports, various financial and other reports listed in the chart below will be filed electronically via FINRA's Firm Gateway. The Exchanges will announce a set date (which is planned to coincide with the FOCUS Reporting changeover date discussed above) when use of the Firm Gateway for these reports will be required and the existing Exchanges' reporting methods retired. In the meantime, the Exchanges and FINRA would like to encourage TPHs to begin submitting the various financial and

¹ TPHs that are also FINRA members and are currently required to file FOCUS Reports with FINRA via eFOCUS, must continue to do so.

other filings listed below via FINRA's Firm Gateway on a voluntary basis. This will allow firms to easily adopt the filing methodologies when they become mandatory and it will create certain reporting efficiencies that benefit TPHs, the Exchanges and FINRA, as the filings are incorporated into FINRA staff's existing workflow.

Specifically, the following financial and other filings and notifications will be required to be submitted via FINRA's Firm Gateway as discussed below. Please note the chart depicts Firm Gateway availability dates only. Applicable FOCUS Report and other filing deadlines remain unchanged.

Please note that once you begin submitting financial notifications voluntarily via the FINRA Firm Gateway, you should not revert to prior filing methodologies. The duplicative filings may potentially result in erroneous processing results.

Rule	Regulatory Filing	Current CBOE/C2 Submission Platform	New CBOE/C2 Submission Platform	Gateway Availability Date
SEA Rule 17a-5(a)	FOCUS Report	Winjammer	Firm Gateway – eFOCUS	To Be Announced
SEA Rule 17a-5(a)	Form Custody	Winjammer	Firm Gateway – eFOCUS	To Be Announced
SEA Rule 17a-5(d)	Annual Audits	Email ² or hard-copy	Firm Gateway	To Be Announced
SEA Rule 17a-5(d)	Compliance Report	Hard-copy	Firm Gateway	To Be Announced
SEA Rule 17a-5(d)	Exemption Report	Hard-copy	Firm Gateway	To Be Announced
SEA Rule 17a-5(f)(2)	Stmnt. Regarding Independent Public Accountant	Email or hard copy	Firm Gateway	Beginning March 16, 2015 - on a voluntary basis; mandatory use date to be announced
SEA Rule 17a-5(f)(3)	Replacement of Accountant	Email or hard-copy	Firm Gateway	Beginning March 16, 2015 - on a voluntary basis; mandatory use date to be announced
SEA Rule 17a-11(d)	Failure to make and keep current books and records	Email or hard copy	Firm Gateway	Beginning March 16, 2015 - on a voluntary basis; mandatory use date to be announced

² The primary email address for financial and operational reports is dmfrnotification@cboe.com (facsimiles sent to (312) 786-8233 also forward to this email box). Please contact CBOE/C2 Regulatory Interpretations and Guidance with any questions about the applicable email or hardcopy submission method for a given type of regulatory filing.

Rule	Regulatory Filing	Current CBOE/C2 Submission Platform	New CBOE/C2 Submission Platform	Gateway Availability Date
SEA Rule 17a-11(d)	Failure to make and keep current books and records – Follow up Report	Email or hard copy	Firm Gateway	Beginning March 16, 2015 - on a voluntary basis; mandatory use date to be announced
SEA Rule 17a-11(e)(1) and SEA Rule 17a-5(h)	Notice of Material Inadequacy or Material Weakness	Email or hard copy	Firm Gateway	Beginning March 16, 2015 - on a voluntary basis; mandatory use date to be announced
SEA Rule 17a-11(e)(2)	Material Inadequacy or Material Weakness – Follow up report	Email or hard copy	Firm Gateway	Beginning March 16, 2015 - on a voluntary basis; mandatory use date to be announced
SEA Rule 17a-11(b)	Notice of Net Capital below required minimum	Email or hard copy	Firm Gateway	Beginning March 16, 2015 - on a voluntary basis; mandatory use date to be announced
SEA Rule 17a-11(c)	Aggregate Indebtedness Greater Than 1,200% of Net Capital	Email or hard copy	Firm Gateway	Beginning March 16, 2015 - on a voluntary basis; mandatory use date to be announced
SEA Rule 17a-11(c)	Net Capital Less Than 5% of Aggregate Debits	Email or hard copy	Firm Gateway	Beginning March 16, 2015 - on a voluntary basis; mandatory use date to be announced
SEA Rule 17a-11(c)	Net Capital Less Than 120% of Required Minimum Net Capital	Email or hard copy	Firm Gateway	Beginning March 16, 2015 - on a voluntary basis; mandatory use date to be announced
SEA Rule 15c3-1(e)	Withdrawals of Equity Capital	Email or hard copy	Firm Gateway	Beginning March 16, 2015 - on a voluntary basis; mandatory use date to be announced
SEA Rule 15c3-3(i)	Notice of Deficiency in Firm's Reserve Bank Account(s)	Email or hard copy	Firm Gateway	Beginning March 16, 2015 - on a voluntary basis; mandatory use date to be announced
SEA Rule 17a-4(f)	Electronic Storage Media	Email or hard copy	Firm Gateway	Beginning March 16, 2015 - on a voluntary basis; mandatory use date to be announced

Other Regulatory Filings – No Changes For Now

Please continue to send regulatory filings other than those mentioned in the chart above (e.g., subordinated loans, other organization disciplinary action notices, enforcement disclosures, annual supervision reports, AML compliance program reports, etc.) via the same CBOE or C2 filing methods currently used.³ Please contact the CBOE/C2 Regulatory Interpretations and Guidance line at (312) 786-8141 or RegInterps@cboe.com if you have any questions about the existing filing method. If any changes are made to these filing methods, you will be notified with more details.

Examinations, Exit Meetings and Reports – Available Now

Examinations of TPHs will be performed on behalf of the Exchanges by FINRA's Member Regulation and Market Regulation Departments. They will include financial, operational, business conduct and trade practice examinations covering a multitude of subject matters.

Below are some notable aspects of FINRA's examination programs, some of which may be different from CBOE/C2 examination programs:

- Examination announcements may generally be made up to 60 days prior to field work commencement.
- All document requests and responses will be sent and received electronically through FINRA's secure Request Manager.
- Examination reviews typically conducted as part of field work may be performed prior to examination field work commencement. This could include requests for documents, follow-up requests, and meetings between FINRA and firm personnel. The field work component of each examination will conclude with an exit meeting, during which the firm generally will receive a written exit meeting report. A TPH is generally not required to provide a written response to any apparent exceptions noted in the exit meeting report.
- After a FINRA manager's review of the examination file, a TPH will receive an examination report that details the examiners' preliminary findings.
- A TPH will be required to provide a written response to the examination report, including details of corrective action to address examination exceptions.
- A TPH will receive an examination disposition letter once the examination concludes.

As was the case with CBOE/C2 examinations conducted by CBOE staff, findings from an examination conducted by FINRA staff on behalf of the Exchanges (depending on the severity of the finding) may result in an informal or formal disciplinary action against the TPH or individuals associated with the TPH, or may be closed without action, pursuant to CBOE and C2 Rules.

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Additional Information:

Further questions concerning this Regulatory Circular can be directed to the Regulatory Interpretations and Guidance line at (312) 786-8141 or RegInterps@cboe.com.

³ For example, notice of a disciplinary action by another organization pursuant to CBOE Rule 4.9 and C2 Chapter 4 should continue to be provided via email to rule4.9notifications@cboe.com. Please contact CBOE/C2 Regulatory Interpretations and Guidance with any questions about the applicable email or hardcopy submission method for a given type of regulatory filing.