



EXECUTE SUCCESS<sup>SM</sup>

## Regulatory Circular RG15-056

**Date:** April 7, 2015

**To:** Trading Permit Holders

**From:** Regulatory Division

**RE:** Tied to Stock Orders

*New Implementation Date for Order Marking Requirement*

*Proposed Postponement of the Implementation of Reporting Requirement*

### This circular updates CBOE Regulatory Circular RG15-018

CBOE Rules 6.53(y) and 15.2A were approved by the SEC on August 13, 2014 (see Rule Filing SR-CBOE-2014-040). Rule 6.53(y) added a definition of a tied to stock order<sup>1</sup> and included a requirement that an indicator be applied to such orders upon systemization (subject to certain exceptions discussed below). Rule 15.2A requires, among other things, that each TPH, on the business day following the order execution date, report to the Exchange certain information regarding the executed stock or convertible security legs of Qualified Contingent Cross ("QCC") orders, stock-option orders and other tied to stock orders that the TPH executed on the Exchange that trading day.

As previously announced, the implementation date for these tied to stock marking and reporting requirements were delayed (see Rule Filing SR-CBOE-2015-004 and Regulatory Circular RG15-018). The purpose of this circular is to announce the new implementation date for the marking requirement and the Exchange's plan to postpone the new implementation date for the reporting requirement.

#### Order Marking Requirement: Implementation Date July 1, 2015

The implementation date for the marking requirement for tied to stock orders is **July 1, 2015**.

As a reminder, Rule 6.53(y) provides that the representing TPH must include an indicator on each tied to stock order upon systemization, unless: (i) the order is submitted to the Exchange as part of a QCC order (as defined in Rule 6.53)<sup>2</sup> through an Exchange-approved device; (ii) the order is submitted to the Exchange for electronic processing as a stock-option order (as defined in Rule 6.53C); or (iii) all of the component orders are systematized on a single order ticket.

<sup>1</sup> Rule 6.53(y) provides that an order is "tied to stock" if, at the time the TPH representing the order on the Exchange receives the order (if the order is a customer order) or initiates the order (if the order is a proprietary order), the TPH has knowledge that the order is coupled with an order(s) for the underlying stock or a security convertible into the underlying stock ("convertible security"). An order is not "tied to stock" if it is not coupled with an order(s) for the underlying stock or convertible security at the time of receipt or initiation (e.g., an option order that is received or initiated to hedge a previously executed stock transaction, an option transaction or position that is hedged with a subsequently received or initiated stock order.) **Important: The TPH must have knowledge of the non-option order for an order to meet the definition of a tied to stock order.**

<sup>2</sup> This exception is not currently applicable. The Exchange deactivated the QCC functionality for simple and complex orders effective August 11, 2014. Any future reactivation of QCC functionality will be announced in advance via Regulatory Circular. (See Regulatory Circular RG14-121.)

**Reporting Requirement: Implementation Date July 1, 2015 (Planned Postponement)**

Currently, the implementation date for the reporting requirement for tied to stock orders is **July 1, 2015**. However, the Exchange will be submitting a rule filing that proposes to postpone the implementation date for the reporting requirement for tied to stock orders until further notice. The postponement is contingent upon an effective rule change filing.

Any new implementation date for the reporting requirement and changes to the types of data required to be reported and/or the uniform structures and formats will be announced via regulatory circular or rule filing.

**Please note the proposed postponement would only apply to the reporting requirement implementation date. The order marking requirement implementation date will remain July 1, 2015.**

**Additional Information:**

Please see Rules 6.53(y) and 15.2A, as well as Filing SR-CBOE-2014-040, for more information regarding proposed rules related to tied to stock orders.

Questions regarding this circular may be directed to the Regulatory Interpretations and Guidance team at [reginterps@cboe.com](mailto:reginterps@cboe.com) or (312) 786-8141.