

Regulatory Circular RG15-096

C2 Regulatory Circular RG15-027

Date: June 30, 2015

To: Trading Permit Holders

From: Legal Division

RE: Exchange Liability

Chicago Board Options Exchange, Incorporated (CBOE or Exchange) and C2 Options Exchange ("C2") submitted rule filings to amend CBOE and C2 rules governing Exchange liability and payments to Trading Permit Holders ("TPHs") in connection with certain types of losses that TPHs may allege arose out of business conducted on or through the Exchange or in connection with the use of the Exchange's facilities (a "Loss Event"¹).

Among other things, CBOE Rule 6.7 and C2 Rule 6.42 have been amended to establish: (i) a minimum threshold amount for all compensation requests and (ii) notification and submission deadlines for compensation requests. The proposed changes become effective **July 1, 2015**.

Minimum Threshold for Compensation Requests

For Loss Events occurring on or after July 1, 2015, a TPH may not make a request for compensation for less than \$100. Losses incurred on the same trading day and arising out of the same underlying act or omission of the Exchange or failure of the Exchange's systems or facilities may be aggregated to meet the \$100 minimum.

Submission Deadlines

Effective July 1, 2015, notice of all requests for compensation pursuant to this Rule must be given in writing and must be submitted no later than **12:00 p.m. CT on the next business day** following the Loss Event giving rise to such requests. Written notice may be sent to helpdeskmt@cboe.com. All compensation requests must be in writing and must be submitted along with supporting documentation by **5:00 p.m. CT on the third business day** following the Loss Event giving rise to each such request. TPHs requesting compensation may obtain a TPH Compensation Request Form by contacting the Help Desk. Additional information related to the request as required by the Exchange is also required to be provided. **The Exchange will not consider requests for which timely notice and submission in accordance with the abovementioned deadlines have not been provided.**

For Extended Trading Hours, the same submission deadlines apply. For example, if a Loss Event occurs at 3:00 a.m. CT on a Wednesday, written notice must be submitted no later than Thursday by 12:00 p.m. CT and the TPH Compensation Request Form and supporting documentation must be submitted no later than Monday at 5:00 p.m. CT.

Compensation Requests Prior to July 1, 2015

For Loss Events occurring prior to July 1, 2015, the previous version of CBOE Rule 6.7 or C2 Rule 6.42 will remain operative. No claim for liability under any previous version of CBOE Rule 6.7 or C2 Rule 6.42 shall be valid if brought with respect to any acts, omissions or transactions

¹ A "Loss Event" is defined as losses alleged to have resulted from the Exchange's failure to correctly process an order or quote due to the acts or omissions of the Exchange or due to the failure of its systems or facilities.

occurring prior to July 1, 2014. Any claim for liability occurring between July 1, 2014 and July 1, 2015 must be brought by August 1, 2015.

Additional Information

Please see rule filing [SR-CBOE-2015-042](#) and [SR-C2-2015-010](#) 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. Regulatory questions regarding this circular may be directed to the Regulatory Interpretations and Guidance team at reginterps@cboe.com or (312) 786-8141.