

## Regulatory Circular RG15-136

**Date:** September 30, 2015

**To:** Trading Permit Holders

**From:** Trading Systems Development Department and Regulatory Division

**Re:** Not Held Orders

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On June 25, 2015, the Securities and Exchange Commission approved CBOE Rule Filing SR-CBOE-2015-047, which amends Rules 6.53, 6.73, and 6.75. The amendments establish a different default status for certain Floor Broker's order handling obligations. Specifically, the amendments provide that an order received by a Floor Broker will be considered a Not Held Order (defined in Rule 6.53(g) as an order marked "not held", "take time" or which bears any qualifying notation giving discretion as to the price or time at which such order is to be executed), unless:

- the Floor Broker's client indicates that the order is "Held;" or
- the order was received by the Exchange electronically and subsequently routed to a Floor Broker or PAR Official<sup>1</sup> pursuant to the order entry firm's routing instructions.

### Default System Settings and Marking Requirements:

Please note that, although the default status for a Floor Broker's order handling obligations have been amended as a result of the rule change, the default system settings for marking orders as Not Held Orders have not changed. As a result, please make note of the following:

- **Order Entry Firms:** Orders routed to the Exchange electronically by an order entry firm will continue to be identified as "Held" orders by default, unless the order entry firm specifies that a given order is "Not Held" by populating the "Not Held" contingency.
  - *Please note that orders routed using a fix tag to specifically direct orders to a Floor Broker's OMT or PAR will be identified as "Held," unless they are designated as "Not Held" by the order entry firm by populating the Not Held contingency.*

Please see CBOE API message specifications for details on submitting orders with a "Not Held" contingency.

- **PULSe and FBW/FBW2 Users:** A default preference may be set on PULSe and FBW2 (but not on FBW) to apply a "Not Held" contingency to every order ticket originated on the respective PULSe or FBW2 workstation.
  - If the default preference is set to "Not Held," a checkmark will appear in the "Not Held" box on each PULSe or FBW2 order ticket; in those instances where a Floor Broker's client indicates that an order is "Held," the Floor Broker would need to change the setting for the given order ticket to "Held" by removing the checkmark in the "Not Held" box.

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<sup>1</sup> For orders that are routed to PAR Officials, inclusion of the "NH" contingency will indicate Non-automated Handling and will be excluded from the auto functionality on PAR. Such orders are eligible for manual booking. Under no circumstances are PAR Officials permitted to receive and handle "not held" orders. See Regulatory Circular RG07-36.

- If the default preference is not set to “Not Held,” or if the order is entered using the FBW, order tickets will continue to be identified as “Held” unless the Floor Broker specifies that the given order is “Not Held” by checking the “Not Held” indicator within the order ticket.
- **Other Workstation Users:** To the extent that a Floor Broker may use a workstation other than PULSe or FBW to systematize orders, the Floor Broker must contact the Regulatory Interpretations and Guidance team to obtain order format requirements for identifying Held/Not Held contingencies.

Please note that it is the TPH’s responsibility to ensure that a Not Held Order is appropriately marked. Any order that is not appropriately marked will not be treated as a Not Held Order when such order is evaluated for purposes of determining whether the order was handled in accordance with Exchange Rules.

**Additional Information:**

Please refer to Rules 6.53, 6.73 and 6.75 and Rule Filing SR-CBOE-2015-047 for additional information on Held/Not Held Orders and Responsibilities of Floor Brokers, including a Floor Broker’s use of due diligence in executing orders. See also Regulatory Circular RG13-131.

Regulatory 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. Operational questions may be directed to the CBOE Help Desk at [helpdesk@cboe.com](mailto:helpdesk@cboe.com) or (866) 728-2263.