



## **Cboe Options Regulatory Circular RG18-025**

**Date:** July 19, 2018

**To:** Trading Permit Holders

**From:** Regulatory Division and Cboe Operations Support Center

**RE:** Mandatory Participation in Disaster Recovery Testing

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**Replaces Cboe Regulatory Circular RG17-068**

### **Overview**

Pursuant to Regulation Systems Compliance and Integrity (“Reg SCI”) Rule 1004 and Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) Rule 6.18, the Exchange is required to establish standards for the designation of those Trading Permit Holders (“TPHs”) that the Exchange reasonably determines are, taken as a whole, the minimum necessary for the maintenance of fair and orderly markets in the event of the activation of the Exchange’s business continuity and disaster recovery plans and designate participants pursuant to those standards. Designated TPHs, referred to as “Designated BCP/DR Participants,” are required to participate in testing of the Exchange’s business continuity and disaster recovery plans.

The Exchange announces mandatory testing dates periodically. The next mandatory test is **October 13, 2018**.

### **Designation Criteria**

Pursuant to Reg SCI Rule 1004 and Cboe Options Rule 6.18, the following TPHs have been determined to be Designated BCP/DR Participants and shall be required to connect to Cboe Options backup systems and participate in functional and performance testing:

- all Market-Maker (“MM”) and Lead Market-Maker (“LMM”) TPHs in option classes exclusively listed on Cboe Options that have streamed quotes in such class(es) at any point during the previous calendar quarter;<sup>1</sup>
- all Designated Primary Market-Maker (“DPM”) TPHs in any multiply listed option class(es); and
- all TPHs connected to the Cboe Options primary data center that transact customer business and have sent 1,000 or more customer orders to the Exchange during the previous calendar quarter.

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<sup>1</sup> Exclusively listed on Cboe Options means an option that is listed exclusively by Cboe Options because Cboe Options has an exclusive license to use, or has proprietary rights in, the interest underlying the option

The Exchange will announce mandatory testing dates periodically, with at least one mandatory test per year. TPHs are required to connect to and participate in testing for each capacity in which they meet the established Designated BCP/DR Participant criteria.<sup>2</sup> Please note that Designated BCP/DR Participants that use a third party for connectivity must participate; it is not sufficient for only the third party to participate in testing.

Please also note that TPHs that are not Designated BCP/DR Participants are permitted and encouraged to connect to the respective Exchanges' backup systems, as well as participate in the testing of such systems.

### **Notification and Applicability**

Cboe Options will periodically provide notice to Designated BCP/DR Participants that have a mandatory DR testing participation requirement.

### **October 13, 2018 Mandatory Testing**

The Exchange has announced that the next mandatory test is **October 13, 2018**. The test is being conducted in coordination with other market centers, as part of the annual SIFMA/FIA industry test and in support of Reg SCI requirements. For additional information on Designated BCP/DR Participant requirements for this test, which includes completing at least two (2) executions on Cboe Options, as well as the test schedule and scripts, please refer to Exchange Notice [C20180530000](#).<sup>3</sup>

As noted in the Exchange Notice, within fifteen (15) calendar days following the end of Q2 2018, Cboe Options will provide notice to TPHs that the Exchange has determined to be Designated BCP/DR Participants that will have a mandatory DR testing participation requirement on October 13th. Designated BCP/DR Participants must contact the Cboe API Group at [api@cboe.com](mailto:api@cboe.com) or (312) 786-7300 to confirm their participation in the October 13th test and provide or confirm necessary contact information by August 31, 2018.

### **Additional Information**

For additional information, please refer to Cboe Options Rule 6.18.

For information on the October 13, 2018 mandatory testing, please refer to Exchange Notice [C20180530000](#).

For questions about designations and testing requirements for Cboe Options, please contact Cboe API Group at [api@cboe.com](mailto:api@cboe.com) or (312) 786-7300 or the Cboe OSC at [helpdesk@cboe.com](mailto:helpdesk@cboe.com) or (866) 728-2263. Please note that this Regulatory Circular only addresses designations and testing requirements for

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<sup>2</sup> Please note that Cboe Options Rule 6.18(b)(1) provides that the Exchange may require Designated BCP/DR Participants and/or other market participants to provide documentation and reports regarding tests conducted pursuant to the Rule, including related data and information, as may be requested by the Exchange and in the manner and frequency prescribed by the Exchange.

<sup>3</sup> Please note that Floor Broker TPHs that do not have exclusive control of, or exclusive access to, a proprietary order management system approved by the Exchange for use on the Exchange's trading floor (e.g., Public Automated Routing System ("PAR"), Cboe Options Order Management Terminal ("OMT")) are not required to participate in the October 13, 2018 back-up data center test.

Cboe Options. For information on designations and testing requirements for Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe C2 Exchange, Inc. Cboe EDGA Exchange, Inc. and Cboe EDGX Exchange, Inc., please refer to BYX, BZX, EDGA, EDGX Regulatory Circular [RC18-007](#) and C2 Options Regulatory Circular [RG18-011](#).

For questions about related rule requirements, please contact [reginterps@cboe.com](mailto:reginterps@cboe.com) or (312) 786-8141.