



Cboe Options Regulatory Circular RG19-015

Date: April 16, 2019

To: Trading Permit Holders

From: Regulatory Division and Market Structure and Functionality

RE: Reporting Duties (Exchange Rule 6.51) and PAR Names Later Feature

Replaces Cboe Options Regulatory Circular RG15-181

Beginning the week of April 15, 2019, a new PAR functionality will be rolled out to PAR Operators. The new feature will allow a PAR Operator to immediately send necessary trade information to the Exchange (for time and sales reporting) and then subsequently provide contra-party information (referred to as the “Names Later” feature). See Cboe Tradedesk Update [C2019041001](#).

At this time Exchange Rule 6.51, *Reporting Duties*, is NOT being modified to provide additional time for the various trade reporting requirements under the Rule. As further described below, the Exchange continues to impose 90-second reporting requirements on both the buyer and seller to each transaction; however, the Exchange anticipates submitting a rule change filing to the SEC in the near future to propose an increase to the time for reporting certain required trade information. In particular, the Exchange anticipates proposing that Rule 6.51’s 90-second reporting requirement continue to apply for time and sales trading reporting, but that the time would be increased for the other reporting provisions in the Rule.

The following reminds Trading Permit Holders (“TPHs”) of their trade reporting duties pursuant to Exchange Rule 6.51 and updates the time and sales trade reporting designations for purposes of Rule 6.51(a).

Trade Reporting Requirements

Exchange Rule 6.51(a) requires that a participant in each option transaction designated by the Exchange must report or ensure the transaction is reported to the Exchange within 90 seconds of execution so that the trade information may be reported to time and sales reports (the “time and sales” trade reporting requirement). (See below for discussion on the designations.) Transactions not reported within 90 seconds after execution shall be designated late. A pattern or practice of late reporting without exceptional circumstances may be considered conduct inconsistent with just and equitable principles of trade and subject to summary fine under Exchange Rule 17.50 or to discipline by the Business Conduct Committee. Exchange Rule 6.51(d) requires that each TPH file with the Exchange certain trade information in such form as may be prescribed by the Exchange to properly match and clear trades (the “trade match and clearance” trade reporting requirement).¹

¹ Among other things, Exchange Rule 6.51 also requires that, for each transaction on the Exchange in which a TPH participates, a TPH shall report the transaction as promptly as possible to the TPH for whom such transaction was made and/or to the TPH that will clear such transaction in a form and manner prescribed by the Exchange. See paragraph (b) and Interpretation and Policy .01 of Exchange Rule 6.51 for further information.

Interpretations and Policies .01 through .03 of Rule 6.51 set forth the procedures the Exchange has established for reporting. Rule 6.51.01 requires that both the buyer and the seller shall immediately record on a card or ticket, or enter in an electronic data storage medium acceptable to the Exchange,² the following information:

- their assigned broker initial code (acronym);
- the identity of their clearing firm;
- the contra TPH's assigned broker initial code (acronym);
- the identity of the contra TPH's clearing firm;
- the symbol of the options class;
- the type, expiration month and exercise price of the option contract;
- the transaction price;
- the number of contracts comprising the transaction;
- the execution time of the transaction (see [Regulatory Circular RG17-142](#) for information on execution timestamps);
- the account origin code (see Regulatory Circular RG13-038 for a list of account origin codes);
- whether an opening or closing transaction (except for transactions executed by or for a Market-Maker); and
- any other transaction information as prescribed by Exchange Rules or Regulatory Circulars.³

As noted above, Rule 6.51(a) also imposes a time and sales trade reporting requirement. In that regard, Interpretation and Policy .01 of Rule 6.51 requires that each transaction on the Exchange be reported for time and sales purposes within 90 seconds of execution by the seller, or buyer if designated by the Exchange. In the case of TPHs not using electronic medium to report trades, the rule indicates that a paper form copy of the transaction record is to be placed on the price reporting belt provided at the station. In that regard, please note that the paper form copy of the transaction record should be provided to the Reporting Desk located at Post 10, Station 3 of the Exchange. Alternatively, this reporting requirement shall be fulfilled by providing the information through an electronic data link approved by the Exchange.⁴

² Such systems include, for example, PAR workstations, Market-Maker hand-held terminals, and such other systems that the Exchange may deem acceptable.

³ See Exchange Rule 6.51(d)(m) ("such other information as may be required by the Exchange"). See also Exchange Rule 6.51.02 (which provides the Exchange with the authority to prescribe the form in which trade information is submitted in order to allow the Exchange to properly prioritize and route orders pursuant to rules of the Exchange and report resulting transactions to The Options Clearing Corporation) and 6.51.04 (which provides additional information on account origin codes, opening or closing status, and time-in-force designations).

⁴ Then, under the procedures prescribed in the Rule, both the buyer and the seller in each transaction will immediately provide the transaction record to the TPH for whom the transaction was executed and/or the Clearing TPH that will clear the transaction. TPHs not using electronic medium to report trades are expected to provide the transaction record to the TPH for whom the transaction was executed and/or to the Clearing TPH that will clear the trade as promptly as possible. A TPH receiving a report of execution from another TPH shall immediately forward the report to the Clearing TPH that will clear the transaction. See footnote 1 above.

For transactions that occur electronically in CBOE Command, and transactions that occur in open outcry and are reported via PAR workstations or Market-Maker handheld terminals, transaction reports required by Rule 6.51(a) are automatically generated. The following table describes trade reporting designations for the purposes of this rule:

Buyer Mechanism	Seller Mechanism	Time and Sales Trade Reporting Mechanism (to OPRA)
Cboe Command	Cboe Command	Cboe Command
<i>PAR*</i>	<i>PAR*</i>	<i>Seller's PAR*</i>
PAR	MM Handheld	PAR
MM Handheld	PAR	PAR
MM Handheld	MM Handheld	Seller's MM Handheld

* Please note the when the PAR Names Later feature is used, whether the Buyer Mechanism or Seller Mechanism is responsible for the time and sales report differs. Read further for details on use of the Names Later functionality.

PAR Names Later Feature

The PAR Names Later feature is an optional, alternate tool that may be used to assist with satisfying the various trade reporting requirements in Rule 6.51. Generally, when the <TRADE> button is pressed immediately at the time of verbal consummation/execution of the trade to record the execution time, a PAR Operator must then input certain trade information (including contra-party information) and press the <ENDORSE> button for the trade to be reported to the Exchange within 90 seconds (for reporting to time and sales, trade match and clearance, etc.). Alternatively, when using the Names Later feature, once the <TRADE> button is pressed, the designated PAR Operator will input the trade information (except for the contra-party information), then press the <NAMES LATER> button. When the <NAMES LATER> button is pressed, a time and sales report will be submitted to the Exchange. The PAR Operator will then go to the Names Later tab on PAR to complete the endorsement process by inputting the contra-party information and pressing the <ENDORSE> button within 90-seconds.⁵

When the PAR Names Later feature is used, the following time and sales trade reporting designations will apply to transactions when the buyer (or seller) is using PAR and there are multiple contra-parties to the trade and at least one contra-party is also using PAR. In all other circumstances, the time and sales trade reporting designations in the table above will apply.

⁵ Please note that use of the Names Later feature does *not* extend the 90-second timeframe in which both the buyer and seller to each transaction are required to report transactions for purposes of Rules 6.51. As noted above, the Exchange anticipates submitting a rule change filing to the SEC in the near future to propose an increase to the time for reporting certain required trade information.

Buyer Mechanism	Seller Mechanism	Time and Sales Trade Reporting Mechanism (to OPRA)
PAR (Single Buyer)	PAR (Multiple Sellers with at least one using PAR)	Buyer's PAR
PAR (Multiple Buyers with at least one using PAR)	PAR (Single Seller)	Seller's PAR

The contra-parties using PAR (i.e., non-designated reporters) must also press the <TRADE> button immediately at the time of execution and then press the <NO TAPE> button to prevent duplicate tape prints. Once the <NO TAPE> button is pressed, the non-designated reporter(s) using PAR will continue with the normal endorsement process. It is imperative that PAR Operators who are trading with other PAR Operators communicate when using the Names Later feature. Lack of effective communication may result in a failure to report a trade for time and sales or a double report.

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Separate from the trade reporting requirements of Rule 6.51, TPHs are reminded that Exchange Rule 6.24 contains certain requirements for orders to be systematized either before sent to the Exchange or upon receipt on the floor of the Exchange. Please refer to Rule 6.24 for further information.

Additional Information

Please contact the Regulatory Interpretations team at reginterps@cboe.com or (312) 786-8141 for additional information.