



**BZX Regulatory Circular 19-018**  
**C2 Options Regulatory Circular 19-022**  
**EDGX Regulatory Circular 19-018**

**Date: June 21, 2019**

**To: Members and Trading Permit Holders**

**From: Regulatory Division**

**RE: Regulatory Report Cards Available on the Cboe Customer Web Portal – Updated July 1, 2019 to reflect Exchange Notice [C2019062801](#)**

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This circular is being issued to notify BZX Options and EDGX Options Members and C2 Options Trading Permit Holders (collectively, “Members”) that the Exchanges will begin making certain regulatory report cards available for Members.<sup>1</sup> Members will be able to download the regulatory report cards via the [Cboe Customer Web Portal](#).<sup>2</sup>

Beginning July 1, 2019, the following regulatory report cards will be available:

- Continuous Quoting Series Summary Surveillance (C2 Options, EDGX Options)
- Continuous Quoting Firm/Class Summary Surveillance (C2 Options, EDGX Options)
- Market Maker 75/25 Surveillance (BZX Options, C2 Options, EDGX Options)
- Post Trade Capacity Change – Clearing Editor Detail (EDGX Options)

Regulatory report cards are intended to provide firms with data that assists with supervising compliance with applicable Exchange Rules. The reports will generally be created daily and available for download on a T+2 basis. Please note that the data contained within the reports has not been subject to review by the Regulatory Division and is provided “as is” without warranty of any kind, express or implied. Neither the Exchanges nor any person or entity affiliated with the Exchanges shall have any liability for any inaccuracies, omissions, human or machine errors, or other irregularities in the data. Any exceptions contained in this data resulting from trading activity in contravention of applicable Exchange Rules may result in formal disciplinary action, but the existence of an exception in this data does not necessarily reflect a determination by that Exchange that such a violation has occurred. The non-existence of an exception in the data does not necessarily reflect a determination by the Exchange that such a violation has not occurred.

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<sup>1</sup> Access to the report cards will be limited to effective BZX Options, C2 Options and EDGX Options Members only. Cboe Options Trading Permit Holders will continue to have access to certain regulatory report cards via the FINRA Report Center, which can be accessed via this [link](#). (FINRA makes those report cards available on behalf of Cboe Options pursuant to a regulatory services agreement between Cboe Options and FINRA. The FINRA Report Center also includes certain historical report cards made available on behalf of C2 Options pursuant to a regulatory services agreement between C2 Options and FINRA.)

<sup>2</sup> Account administrators for a firm may grant access to the report cards via the User Management tool within the Cboe Customer Web Portal.

## General Descriptions of Report Cards

- *Continuous Quoting Series Summary Surveillance Report Card (C2 Options, EDGX Options)*

A Market Maker must enter continuous bids and offers (in accordance with applicable Exchange Rules) in 60% of the cumulative number of seconds, or such higher percentage as the Exchange may announce in advance, for which that Market Maker's appointed classes are open for trading on a trading day, excluding any adjusted series, any intra-day add-on series on the day during which such series are added for trading, any Quarterly Option Series, and any series with an expiration of greater than 270 days.<sup>3</sup>

The respective Exchange calculates this requirement by taking the total number of seconds the Market Maker disseminates quotes in the relevant series of each appointed class and dividing that time by the eligible total number of seconds that the relevant series of each appointed class is open for trading that trading day (including all trading sessions), subject to certain exceptions specified in the applicable Exchange Rule. Quoting is not required in every appointed class. The quoting obligation applies to all of a Market Maker's appointed classes collectively.<sup>4</sup>

The *Continuous Quoting Series Summary Surveillance Report Card* supports firms' supervision of obligations to maintain continuous quotes as required by the applicable Exchange Rule. The report displays the time (in seconds) for the specified period that the Market Maker entered continuous bids and offers in each series of its appointed classes for the given trading day, excluding any adjusted series, any intra-day add-on-series on the day during which such series were added for trading, any Quarterly Option Series, and any series with an expiration greater than 270 days.

- *Continuous Quoting Firm/Class Summary Surveillance (C2 Options, EDGX Options)*

The *Continuous Quoting Firm/Class Summary Surveillance Report Card* also supports firms' supervision of obligations to maintain continuous quotes as required by the applicable Exchange Rule. The report provides a calculation of the percentage of time a given Market Maker entered continuous bids and offers during the cumulative number of seconds that Market Maker's appointed classes were open for trading during the specified period for the given trading day, excluding any adjusted series, any intra-day add-on-series on the day during which such series were added for trading, any Quarterly Option Series and any series with an expiration greater than 270 days.

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<sup>3</sup> See [C2 Options Rule 8.6\(d\)](#) and [EDGX Options Rule 22.6\(d\)](#).

<sup>4</sup> Please note that, under the applicable Exchange Rule, the respective Exchange determines compliance by Market Makers with the quoting obligations on a **monthly** basis. However, the respective Exchange's determination of compliance on a monthly basis does not relieve a Market Maker from meeting this obligation on a **daily** basis, nor does it prohibit the Exchange from taking disciplinary action against a Market Maker for failing to meet this obligation each trading day. *Id.*

- *Market Maker 75/25 Surveillance (BZX Options, C2 Options, EDGX Options)*

The applicable Exchange Rules require that the total number of contracts a Market-Maker may execute in classes in which the Market Maker has no appointment may not exceed 25% of the total number of all contracts the Market Maker executes on the Exchange in any calendar quarter.<sup>5</sup>

The *Market Maker 75/25 Surveillance* Report Card supports firms' supervision of the appointed class volume requirement by providing a daily running calculation of the percentage of contract volume during the quarter-to-date that is in option classes to which the Market Maker has been appointed. The values are reset at the beginning of each quarter.

- *Post Trade Capacity Change – Clearing Editor Detail (EDGX Options)*

Various EDGX Options Rules provide for differing priorities, fees or other special processing of certain customer orders that utilize capacity code "C."<sup>6</sup>

The *Post Trade Capacity Change - Clearing Editor Detail* Report Card supports firms' supervision of its obligations to apply the proper capacity code on orders. The report identifies executed orders where a Member executed an order on the Exchange with a customer capacity code ("C") and subsequently changed it to a non-customer capacity code via the Clearing Editor Tool.

### **Additional Information**

For more information regarding the technical details, see Cboe Trade Desk Notice [C2019062801](#) and the [Cboe US Customer Web Portal Specification](#).

For questions regarding specific Report Card content, please contact the Cboe Options Regulation Department at [optionsurveillance@cboe.com](mailto:optionsurveillance@.cboe.com).

Any other questions regarding this Regulatory Circular may be referred to Regulatory Interpretations at [RegInterps@cboe.com](mailto:RegInterps@cboe.com) or 312-786-8141.

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<sup>5</sup> See [BZX Options Rule 22.6\(e\)](#), [C2 Options Rule 8.6\(f\)](#) and [EDGX Options Rule 22.6\(e\)](#).

<sup>6</sup> See, e.g., [EDGX Options Rule 21.8](#) and [EDGX Options Fee Schedule](#).