



Regulatory Circular 25-010

Date: October 13, 2025

Exchanges: Cboe Options

Markets: Options

To: Trading Permit Holders

Re: Frontrunning of Blocks

This Regulatory Circular is being issued as a reminder of the Exchange's longstanding enforcement policy with respect to certain practices generally referred to as "frontrunning of blocks." This policy has been reflected in Regulatory Circulars [RG99-224](#) and [RG99-225](#) and has previously been approved by the SEC.¹

Frontrunning includes trading in a security while in possession of material non-public information concerning an imminent block transaction in the same security or a security that underlies such security. Front-running may be based on knowledge of less than all of the terms of the imminent block transaction, so long as there is knowledge that all of the material terms of the transaction have or imminently will be agreed upon. Frontrunning is considered conduct inconsistent with Exchange Rule 8.1, *Just and Equitable Principles of Trade*.²

For information concerning a block transaction to be considered publicly disseminated it must be disseminated via the tape or high-speed communication line of the last sale reporting system administered by the applicable processor (e.g. CTA or OPRA). Public outcry on the Exchange floor generally shall not be deemed to make such information publicly available.

The above information and examples that follow are not all inclusive. For a complete record of the Exchange's frontrunning policy, see Regulatory Circulars RG99-224 and RG99-225. Although it is not possible to provide an all-inclusive definition of frontrunning in all its forms, the Exchange believes it is important to provide standards describing the kind of conduct that will not be permitted, both to provide guidance and to avoid interfering with entirely legitimate transactions that do not involve

¹ Those circulars are re-issuances of Regulatory Circulars [RG92-29](#) (reissuing Educational Circular No. 23, July 1987) and [RG94-076](#), respectively.

- Educational Circular No. 23 was approved by the SEC in 1987. See Release 34-25233 (December 30, 1987), [53 FR 296](#) (January 6, 1998)(SR-CBOE-87-52)(order approving frontrunning enforcement policy in CBOE Educational Circular No. 23; as part of the same order, the SEC also approved similar frontrunning enforcement policies of various self-regulatory organizations).
- Regulatory Circular RG94-76 was approved by the SEC in 1995. See Release 34-36159 (August 25, 1995), [60 FR 45753](#) (September 1, 1995) (SR-CBOE-95-07)(order approving amendment to rule noting that disclosing all the terms of an original order and any changes in the terms and conditions of the original order to the crowd prior to effecting a trade does not provide a safe harbor from possible violations of front-running prohibitions, and that front-running is considered to be a violation of Exchange's rule on just and equitable principles of trade, as described in Regulatory Circular RG94-76).

² Regulatory Circulars RG99-224 and RG99-225 reference Rule 4.1, which has been renumbered to Rule 8.1.

frontrunning. For this purpose, Regulatory Circulars RG99-224 and RG-225 discuss the kind of conduct involving the frontrunning of blocks that would be considered to be in violation of Rule 8.1.

TPHs are also reminded of their obligation to have supervisory systems, including written supervisory procedures, reasonably designed to achieve compliance with the above. See Cboe Options Rule 8.16, *Supervision*.

Additional Examples

In addition to the examples included within the above-referenced circulars, the following are examples of recent front-running violations in which the Exchange took disciplinary action and imposed sanctions. These examples are merely illustrative and are not meant to cover every type of conduct constituting frontrunning:

Example A

A TPH and its associated person were each censured and joint and severally fined \$110,000 for the following conduct: The TPH through its associated person was solicited to participate in a complex order transaction involving an order to sell certain option contracts. The associated person then initiated and executed other option contract transactions in the same class while in possession of material non-public information concerning the imminent execution of the complex order and prior to the public dissemination of the complex order.

Example B

A TPH and its associated person were each censured and joint and severally fined \$105,000 for the following conduct: The TPH through its associated person was solicited to participate in a transaction involving an order to purchase certain put contracts. The associated person subsequently submitted an immediate-or-cancel order to purchase related put option contracts while in possession of material non-public information concerning the imminent execution of the original order and prior to its public dissemination.

Additional Information

For additional information on disciplinary actions, please view the Regulation page of the Exchange's website [here](#).

For any rules-related questions, please contact Regulatory Interpretations at reginterps@cboe.com or 312.786.8141.