



Regulatory Circular RG10-34

Date: March 1, 2010

To: Member and Member Organizations

From: Regulatory Services Division

Re: Quote Obligations

The purpose of this circular is to remind all members that it is their obligation to ensure that quotes are disseminated in accordance with Exchange Rules.

The Member and Regulatory Services Division conducts routine surveillance for quote compliance. It is the member's obligation to ensure that their quote engine is disseminating quotes in compliance with Exchange Rules. In connection with certain quote obligations (i.e. Opening Quote, Initial Quote Volume and Quote Width), a member's proprietary quote engine systems disruption or failure will not be considered as a mitigating factor for purposes of compliance with the Exchange's quote obligation Rules.

Please be advised that quoting obligation violations may result in formal disciplinary action before the Business Conduct Committee pursuant to Chapter 17 of the Exchange Rules or processed in accordance with the Exchange Minor Rule Violation Plan pursuant to Exchange Rule 17.50

Please note that certain quote relief may be granted under the Rules, by appropriate Exchange Committees, although this type of relief is not intended for member systems problems. Generally this type of quote relief deals with underlying width and size issues, underlying availability, etc. If it is determined that quote relief is necessary, said relief is reviewed and granted by the appropriate Exchange Committee¹.

Please be reminded that reports measuring your quote obligation performances are available on the internet at the following website address: <https://www.cboe.org/wbs>. Additionally, members are strongly advised to review Market Regulation's "exception summary information" emails for potentially violative activity.

Questions regarding this memorandum may be directed to the Regulatory Services Division at (312) 786-8460 or (312) 786-7730.

¹ Questions regarding relief can be directed to the Market Quality Assurance Department at mqa@cboe.com