

Regulatory Circular RG13-157

Date: December 9, 2013

To: CBOE and CBSX Trading Permit Holders

From: Legal Division and Regulatory Services Division

RE: Regulatory Independence and Communications Regarding Regulatory Matters

The purpose of this circular is to remind Trading Permit Holders ("TPHs") of two formal Regulatory Independence Policies¹ adopted by the Boards of CBOE Holdings, Inc. ("CBOE Holdings"), Chicago Board Options Exchange, Incorporated ("CBOE") and C2 Options Exchange, Incorporated ("C2") that apply with respect to CBOE, C2 and CBOE Stock Exchange, LLC ("CBSX"). The policies are designed to ensure that the CBOE Regulatory Services Division performs its regulatory functions without regard to the actual or perceived business interests of any CBOE company² or any regulated person or entity.

Pursuant to the policies, and for the reasons discussed below, TPHs and persons associated with TPHs should not discuss issues, questions or complaints about regulatory matters with directors and non-regulatory personnel of any CBOE company.

In particular, to avoid even the appearance that the Regulatory Services Division might be influenced by business interests, and subject to certain exceptions, the policies prohibit directors and non-regulatory employees of a CBOE company from discussing any issues related to regulatory matters with CBOE regulatory personnel. In addition, directors and non-regulatory personnel of CBOE companies are prohibited from communicating with CBOE's regulatory personnel about issues, questions or complaints that a regulated entity or person has raised about regulatory matters. Non-regulatory personnel also are prohibited from providing any guidance or advice regarding a regulatory matter.

As defined in the policies, regulatory matters include regulatory investigations, examinations or complaints either from or about a regulated entity or person concerning existing or anticipated regulatory actions and all investigative and surveillance activities of the Regulatory Services Division. Regulatory matters do not include activities related to potential legislation, rule-making or general regulatory policies that do not include specific facts about existing or anticipated regulatory investigations, examinations or actions.

The following Q&A addresses some questions regarding the policies:

Q: What communications do the Regulatory Independence Policies apply to?

A: The policies apply to communications about regulatory matters.

¹ Copies of the policies can be found on the Legal and Regulatory section of the CBOE website at <http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>.

² The term "CBOE company" includes CBOE Holdings, CBOE, C2, CBSX and all other subsidiaries or affiliates of CBOE Holdings.

Q: What is a “regulatory matter”?

A: For purposes of the policies, a “regulatory matter” includes an existing or anticipated regulatory investigation, examination or complaint. “Regulatory matters” also include surveillance and investigative activities of the Regulatory Services Division.

Q: Who can I speak with at the Exchange about general regulatory questions that do not relate to a specific regulatory matter?

A: There are no restrictions under the Regulatory Independence Policies on speaking with anyone, including non-regulatory and non-legal staff, about regulatory questions or issues that do not relate to a specific regulatory matter. However, please keep in mind that non-regulatory and non-legal staff are not going to be able to provide regulatory guidance regarding TPH obligations on behalf of the Exchange.

You should feel free to contact the Regulatory Interpretations and Guidance team about questions relating to requirements existing under Exchange rules and regulatory circulars, how a particular rule applies, the meaning of a particular rule provision, or other questions of a regulatory nature that do not relate to a specific regulatory matter.

If you have a regulatory question that does not relate to a specific regulatory matter, you should contact the Regulatory Interpretations and Guidance team at (312) 786-8141 or by email at RegInterps@cboe.com.

If you have a regulatory question related to SEC rules and interpretations, you may contact the SEC’s Division of Trading and Markets, Office of Interpretation and Guidance either by telephone at (202) 551-5777 or by email at tradingandmarkets@sec.gov.

Q: If I am involved in a regulatory matter and I have a question about it, who should I contact?

A: You should contact the regulatory staff handling the matter. If you do not know who this is, you may contact the Regulatory Interpretations and Guidance team at (312) 786-8141 or by email at RegInterps@cboe.com.

Q: Should I speak with non-regulatory staff about a regulatory matter?

A: No. Under the Regulatory Independence Policies, non-regulatory staff are not permitted to speak with regulatory staff about regulatory matters, so you should direct any questions regarding a regulatory matter to the regulatory staff handling the matter or the Regulatory Interpretations and Guidance team at (312) 786-8141 or by email at RegInterps@cboe.com.

Q: If I have a concern about the way a regulatory manner is being handled, who can I contact?

A: You should contact Chief Regulatory Officer Timothy Thompson at (312) 786-7135 if you have an issue, concern or complaint about the way a regulatory matter is being handled by the Exchange.

Additional Information:

Questions regarding the application of the Regulatory Independence Policies should be directed to Chief Regulatory Officer Timothy Thompson at (312) 786-7135 or General Counsel Joanne Moffic-Silver at (312) 786-7462. Any TPH or person associated with a TPH that has a question or wishes to raise an issue or complaint regarding a regulatory matter should contact Timothy Thompson, file an online complaint on the Legal and Regulatory section of the CBOE website (<http://www.cboe.com>) at the following link <http://www.cboe.com/aboutCBOE/legal/forms/MemberComment.aspx>, or call the Regulatory Services Division's hotline at (312) 786-7261.

(Combines and Replaces RG11-094 and RG11-133)