

Regulatory Circular RG15-093

Date: June 19, 2015

To: Trading Permit Holders

From: Regulatory Division

RE: Updates to CBOE Rules 6.53(y) and 15.2A and TPH Information Session

This circular updates RG15-056

Regulatory Circular RG15-056 previously announced the implementation date for the tied to stock marking requirement as July 1, 2015 (see also rule filing SR-CBOE-2015-004). That circular also announced the postponement of the reporting requirement for tied to stock orders under CBOE Rule 15.2A. The purpose of this circular is to (i) confirm the July 1, 2015 implementation date of the tied to stock marking requirement only with respect to orders sent to the Exchange for non-electronic processing (i.e., orders received and systematized by floor brokers handling orders on the CBOE trading floor), (ii) delay for 6 to 18 months the implementation date of the tied to stock marking requirement with respect to all other orders (i.e., orders submitted to the Exchange for electronic processing),¹ and (iii) confirm that the implementation date for the reporting requirement has been delayed 12 to 18 months (except for QCC orders, as discussed below).

Order Marking Requirement

The implementation date for the Rule 6.53(y) tied to stock marking requirement for orders sent to the Exchange for non-electronic processing (i.e., orders received and systematized by floor brokers handling orders on the CBOE trading floor) is July 1, 2015.

Currently, Exchange-approved devices (PULSe, Floor Broker Workstation ("FBW") and FBW 2), which CBOE makes available to floor brokers, have the functionality to allow floor brokers to mark orders as tied to stock at the time of systemization of the order.

The implementation date for the Rule 6.53(y) tied to stock marking requirement for all other orders (i.e., orders submitted to the Exchange for electronic processing) is being delayed for 6 to 18 months.

This additional time will allow TPHs to complete their systems development work to comply with the tied to stock marking requirement for these orders. The Exchange will announce the implementation date of the marking requirement for these orders by circular at least 180 days in advance.

TPH Information Session

Trading Systems Development and the Regulatory Division will host an informational session on June 24, 2015 in the 4th Floor Auditorium at 3:30 p.m. Central Time to answer questions related to the tied to stock marking functionality on PULSe, FBW, and FBW 2.

Reporting Requirement: Postponed

The Exchange submitted rule filing SR-CBOE-2015-051 to postpone the implementation of the tied to stock reporting requirement under Rule 15.2A for an additional 12 to 18 months. During this time, the Exchange plans to evaluate the information obtained via the marking requirement under Rule 6.53(y) for

¹ This delay is subject to a rule change filing.

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orders sent to the Exchange for non-electronic processing (and orders sent to the Exchange for electronic processing to the extent the Exchange implements the marking requirement for those orders prior to implementing the reporting requirement) in conjunction with information available through other sources and further consider the reporting requirement format.² The Exchange expects its evaluation to be completed and to implement the reporting requirement within the next 12 to 18 months, with the particular implementation date to be announced by circular. Please note that the marking requirement for electronic orders could be implemented separately from the reporting requirement.

Important: Although the reporting requirement under Rule 15.2A has been postponed, the reporting requirement for QCC orders described in Regulatory Circular RG15-087 will continue to be in effect until the implementation of Rule 15.2A.³

Additional Information:

Please see Rules 6.53(y) and 15.2A, as well as rule filing SR-CBOE-2014-040, for more information regarding rules related to tied to stock orders.

Questions regarding this circular may be directed to the Regulatory Interpretations and Guidance team at reginterps@cboe.com or (312) 786-8141. Operational questions may be directed to the CBOE Help Desk at helpdesk@cboe.com or (866) 728-2263.

² Please also note that the tied to stock order type and reporting obligations are separate and distinct from the similarly named tied-hedge provision of Rule 6.74, Interpretation and Policy .10, which governs an execution strategy and which is subject to separate marking and record keeping requirements.

³ The Exchange recently reactivated the QCC functionality for simple and complex orders effective June 1, 2015. TPHs must report certain information to the Exchange regarding QCCs executed on the Exchange. (See Regulatory Circular RG15-087; see *also* SR-CBOE-2015-051.)