Updated - Clearing Member Give Up Authorization for Cboe BZX Options Exchange

Reference ID: C2020030503

Overview

Applicable Cboe Exchange: Cboe BZX Options

Pursuant to BZX Options Rule 21.12, **effective as of March 2, 2020**, all non-Market-Maker Members are only permitted to give up a Designated Give Up or their Guarantor. Additionally, the rule provides a new procedure will be in place when a Clearing Member (CM) intends to restrict usage of its clearing number on trades executed by another Member ("give up").

Details

Who can be an Authorized Give Up Member?
A non-Market-Maker Member is only able to give up either a "Designated Give Up" or the Member's "Guarantor." A Designated Give Up is any CM that a Member (other than a Market-Maker) identifies to the Exchange as a CM that the Member would like to have the ability to give up.

A *Guarantor* is defined for purposes of Rule 21.12 as a CM that has issued a Letter of Guarantee for the executing Member. There is no minimum or maximum number of CMs that a Member must identify as a Designated Give Up.

How to Identify Designated Give Ups
To designate a "Designated Give Up", a non-Market-Maker Member must submit a Notification of Identified Designated Give-Ups Notification Form.

The form is to be submitted to MembershipServices@cboe.com and must be signed by an authorized representative of the Member. The Exchange will process the Notification Forms and enable Designated Give Ups and Guarantors for submitting Members. To ensure that BZX Options has enabled all identified Designated Give Ups and Guarantors for each non-Market-Maker Member, Members must submit their initial Notification Form by a time and date to be determined by the Exchange. To obtain a list of CMs and OCC numbers that are available for give up on BZX Options, please submit the request to membeshipservices@cboe.com .

Notification to CMs

The Exchange will notify a CM, in writing and as soon as practicable, of each Member that has identified the CM as a Designated Give Up. The notification will be sent to those individuals currently on file with the Exchange as being authorized to receive these notifications. Should a CM wish to change the individual(s) receiving notifications, the CM must submit an Authorized Designated Give Up Contact Form.

How CMs may Restrict OCC Clearing Numbers

Effective March 2, 2020, a CM intending to restrict the give up for one or more of its clearing numbers must "Opt-In" by submitting a completed Clearing Trading Permit Holder/Member Restriction Form ("Restriction Form") to membershipservices@cboe.com.

The restriction of a clearing number will be in place 90 days after receipt of the Restriction Form by the Exchange (the "effective date") and will be enforced until the CM notifies the Exchange otherwise. Members giving up a newly-restricted clearing number will be informed by the Exchange in writing of the restriction as soon as practicable following receipt of the Restriction Form. As of the effective date, a Member may give up a restricted clearing number only if the CM identifies that Member on the Restriction Form as authorized to give up that number. The CM name, restricted clearing number(s), and authorized contact information for opted-in CMs will be published by the Exchange on the CMs Restricted OCC Numbers page (on the Exchange's website) as notification to other Members of the restriction(s). CMs that do not Opt-In to restrict their clearing numbers will be subject to having their clearing number given up by any Member.

As a reminder, Market-Makers are only able to give up their respective Guarantors. A Guarantor of a Member, including Market-Makers, is automatically be enabled for that Member without any further action from the Guarantor or Member (i.e., a CM does not need to fill out an Authorization Form for any Member for which it is already a Guarantor).

Give Up via Routing Broker (Updated)

Effective March 2, 2020, *subject to regulatory review*, Members may optionally Give Up a trade by identifying the Routing Broker of an order using the *RoutingFirmID* instruction (FIX Tag 7933) on a new order message using either FIX or BOE.

The Routing Broker must be a valid Exchange Executing Firm ID (EFID). The Routing Broker EFID supplied would receive all Non-Market Maker Penny and Non-Market Maker Non-Penny rebates and applicable Non-Market Maker tier rebates as will be indicated on the BZX fee schedule applicable to fee codes PY, PA, PF, NY, NA, NF, PN and NN.

Other Give Up Changes

There are three scenarios in which the Give Up on a transaction may be changed:

1. if an executing Member has the ability through an Exchange system to do so, it may change the Give Up on a trade to another Designated Give Up, provided that the executing Member is an Authorized User for any Restricted OCC Number, or its Guarantor;
2. if a Designated Give Up has the ability to do so, it may change the Give Up on a transaction for which it was given up to (i) another CM affiliated with the Designated Give Up or (ii) a CM for which the Designated Give Up is a back office agent;

3. if both a Designated Give Up and a CM have the ability through an Exchange system to do so, the Designated Give Up and CM may each enter trade records into the Exchange's systems on T+1 that would effect a transfer of the trade in a non-expired option series from that Designated Give Up to that CM.

Additional Information

For more information, please refer to the following technical specifications.
- ➢ US Options BOE Specification
- ➢ US Options FIX Specification

Questions in respect to this notice may be directed to the Membership Services Department and the Cboe Market Structure group. Regulatory questions may be directed to the Regulatory Interpretations and Guidance team.

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Cboe Regulatory Interpretations and Guidance
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