

Regulatory Circular RG13-003

Date: January 2, 2013

To: Trading Permit Holders

From: Department of Market Regulation

RE: Anti-Money Laundering (“AML”) Compliance Program
Annual Requirements for Previous Filers Meeting Certain Conditions

All registered broker-dealers, including sole proprietors, are required to demonstrate compliance with the requirements of the USA PATRIOT Act.

This Regulatory Circular applies only to those CBOE Trading Permit Holders for which ALL of the following conditions are true:¹

- Designated Examining Authority is the CBOE;
- not required to file monthly FOCUS reports;²
- have previously filed AML documents with the CBOE;
- your previous AML filing was complete;
- your AML program has not changed; and
- your Designated AML compliance individual has not changed.

All filers to whom this circular applies are required to submit the following:

- Evidence of annual (or more frequent) AML training for all appropriate persons.
- If required (please see footnote 3), a copy of the independent review letter identifying the results of the independent review conducted by an individual not involved with the broker-dealer’s AML function.³

This information must be submitted to the Department of Member Firm Regulation no later than **March 1, 2013**. Please do not submit your original documents. Broker-dealers have a books and records requirement to maintain copies of this information. Additionally, please be advised that all AML documentation is subject to regulatory review at any time.⁴

¹ If you have not previously filed AML documents with the Exchange, or you have made changes to your AML procedures, or your designated AML Compliance Officer has changed or your previous filing was incomplete, please see Regulatory Circular RG13-002 for a description of your CBOE filing requirements.

² Monthly filers are required to maintain complete AML documentation, which will be reviewed as part of the annual routine examination program.

³ CBOE Rule 4.20 permits certain TPH broker-dealers to have the independent audit performed every two years on a calendar year basis, if the broker-dealer does not execute transactions for customers or otherwise hold customer accounts or act as an introducing broker with respect to customer accounts (e.g., engages solely in proprietary trading or conducts business only with other broker-dealers). The initial filing must be made in the first calendar year of registration with the Exchange.

⁴ Please note: CBOE Rule 4.6 states in part, “no Trading Permit Holder, person associated with a Trading Permit Holder or applicant to be a Trading Permit Holder shall make any willful or material

Please note that this circular also applies to other individuals and entities who may not necessarily be actively trading but are still registered broker-dealers and for whom the CBOE is the Designated Examining Authority (“DEA”).

The following information may be helpful in fulfilling the above requirements.

Annual Training

Training should be conducted at least annually and developed under the leadership of the AML Compliance Officer or senior management. Broker-dealers should document the content of the training and maintain a list of the participants. The broker-dealer may wish to have participants sign an attestation acknowledging that they have participated in the training and understand the firm’s AML program. The attestation could contain language directing any questions to the firm’s AML Compliance Officer. In addition, training should be updated as necessary to reflect new developments in the PATRIOT Act.

The Financial Industry Regulatory Authority website (“FINRA”) (<http://www.finra.org>) has online training and guidance available which would be considered appropriate training for CBOE Market-Makers that are non-clearing and do not conduct business with the public.

Independent Review Letter

Broker-dealers must have an independent testing function to review and assess the adequacy of compliance with the firm’s AML compliance program. In an effort to accommodate CBOE Trading Permit Holders, the Division has included an example of an independent review letter that may be used as a guideline. This letter should be tailored to accommodate the individual broker-dealer’s business situation.

Additional Information:

Please contact the Regulatory Interpretations and Guidance team at RegInterps@cboe.com or (312) 786-8141 for additional information.

misrepresentation, including a misstatement or false statement, or omission in any application, report or other communication to the Exchange”