

Regulatory Circular RG13-073

Date: May 6, 2013

To: Trading Permit Holders
From: Division of Regulatory Services
RE: Requirement to Provide Notification
to the Exchange of Disciplinary Action

Reissue and update of Regulatory Circular RG99-191

Chicago Board Options Exchange, Incorporated (“CBOE” or “Exchange”) Rule 4.9 – Disciplinary Action by Other Organizations, which is applicable to CBOE and CBOE Stock Exchange, LLC Trading Permit Holders (“TPHs”), requires a TPH to promptly notify the Exchange **in writing** of any disciplinary action, including the basis therefor, taken against the TPH or its associated persons by any:

- national securities exchange or association,
- clearing corporation,
- commodity futures market, or
- government regulatory body.

Additionally, Rule 4.9 requires a TPH to promptly notify the Exchange **in writing** of any internal disciplinary action, and the basis therefor, taken by the TPH itself against any of its associated persons involving:

- suspension,
- termination,
- the withholding of commissions or imposition of fines in excess of \$2,500, or
- any other significant limitation on activities.

Written notifications required pursuant to Rule 4.9 are to be transmitted either by 1) e-mail to rule4.9notifications@cboe.com, or 2) regular mail to:

Rule 4.9 Notifications
Division of Regulatory Services
Chicago Board Options Exchange, Incorporated
400 S. LaSalle Street
Chicago, IL 60605

In the case of a disciplinary action taken against a TPH by other organizations, the filing by the TPH of an amended Uniform Application for Broker-Dealer Registration Form (Form “BD”) electronically with WebCRD, that reports the action and the basis therefor satisfies the notification requirement of Rule 4.9. It should be noted that not all disciplinary actions are eligible for inclusion on an amended Form BD filing. If a disciplinary action is not eligible for inclusion on an amended Form BD filing, notification must be transmitted directly to the Exchange.

In the case of a disciplinary action taken by other organizations, or an internal disciplinary action taken by a TPH itself, against an associated person of the TPH that is a registered person, the filing by the TPH of an amended Uniform Application for Securities Industry Registration or Transfer Form (Form

“U4”), or an initial or amended Uniform Termination Notice for Securities Industry Registration (Form “U5”), electronically with WebCRD, that reports the action and the basis therefor, satisfies the notification requirement of Rule 4.9. It should be noted that not all disciplinary actions are eligible for inclusion on an amended Form U4 or U5 filing. If a disciplinary action is not eligible for inclusion on an amended Form U4 or U5 filing, notification must be transmitted directly to the Exchange. (For associated persons that are not registered, the written notification required by Rule 4.9 must be transmitted directly to the Exchange.)

To better assist the Exchange, a Rule 4.9 notification, whether transmitted directly to the Division of Regulatory Services or, if applicable, by filing the appropriate CRD Form (BD, U4 or U5) electronically with WebCRD, should specify the instrument or instruments (e.g., options, stock, bonds, etc.) involved in the activity that precipitated the disciplinary action.

TPHs are reminded that other self-regulatory organizations may also have separate disciplinary action notification requirements (e.g., FINRA Rule 4530, NYSE Rule 4530).

Additional Information:

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