



Regulatory Circular 20-040

Date: June 12, 2020

Exchanges: Cboe Options

Markets: Options

To: Trading Permit Holders

Re: Rule 5.81, *Equipment and Communications on the Trading Floor*

Replaces Regulatory Circular 15-115

Cboe Exchange, Inc. (the “Exchange” or “Cboe”) is issuing this circular to highlight certain Exchange requirements regarding equipment and communications on the trading floor in anticipation of reopening of the floor on June 15, 2020. The circular replaces Regulatory Circular 15-115. Please see Cboe Rule 5.81, Equipment and Communications on the Trading Floor, for a complete description of its requirements.

Background

Pursuant to Rule 5.81(a) and subject to the requirements of Rule 5.81, Trading Permit Holders (“TPHs”) may use any communication device (e.g., any hardware or software related to a phone, system or other devices, including an instant messaging system, e-mail system or similar device) on the floor of the Exchange and in any trading crowd of the Exchange. However, pursuant to Rule 5.81(c), no person in a trading crowd or on the trading floor of the Exchange may use any communication device for the purpose of recording activities in the trading crowd or maintaining an open line of continuous communication whereby a non-associated person not located in the trading crowd may continuously monitor the activities in the trading crowd. This prohibition covers digital recorders, intercoms, walkie-talkies, and any similar devices. As noted below, video may not be transmitted from the trading floor.

Further, under Rule 5.81(e), TPHs may not use communication devices to disseminate quotes and/or last sale reports originating on the trading floor of the Exchange in any manner that would serve to provide a continuous or running state of the market for any particular series or class of options over any period of time, except:

- an associated person of a TPH on the trading floor of the Exchange may use a communication device to communicate quotes that have been disseminated pursuant to Cboe Rule 5.3 and/or last sale reports to other associated persons of the same TPH business unit; and
- an associated person of a TPH may also use a communication device to communicate an occasional, specific quote that has been disseminated pursuant to Rule 5.3 or last sale report to a person who is not an associated person of the same TPH.

Pursuant to Rule 5.81(g), TPHs must maintain records of the use of communication devices, including but not limited to, (1) logs of calls placed, (2) emails, and (3) chats, for a period of not less than three years, the first two in an easily accessible place.

Prohibited Communication Devices

Pursuant to Rule 5.81(h) the Exchange may designate, via circular, specific communication devices that will not be permitted on the floor of the Exchange or Exchange trading crowds.

Pursuant to the authority described above, the Exchange has determined the following restrictions apply:

1. TPHs may not use communication devices that utilize 2.4 GHz and/or 5 GHz ISM radio frequency bands (e.g., wireless hotspots and access points) on the trading floor, unless the wireless interfaces can be shown to be disabled. This restriction includes, but is not limited to, devices using the IEEE 802.11 series of wireless local area network standards, unless the devices have been approved for use with the Cboe Wireless Network (“CWN”).
2. TPHs may not use Ethernet hubs on the trading floor.
3. **TPHs may not use the video capabilities of any video conferencing platforms (e.g., Zoom, Microsoft Teams, FaceTime etc.) or similar software on the trading floor. Video capabilities from any device may not be used on the trading floor.**

Please note headsets **will** be permitted in the SPX trading crowd – as was and will continue to be permitted in any other trading crowd - when the trading floor reopens on June 15, 2020.¹ As noted above, headsets or other communication devices that are used to communicate on the trading floor may not be used in any manner that would serve to provide a continuous or running state of the market for any particular series or class of options over any period of time, except an associated person of a TPH on the trading floor of the Exchange may use a communication device to communicate to other associated persons **of the same TPH business unit**. Headsets and other communication devices may not be left on (e.g., providing an external line of communication) when not in use by the associated person on the trading floor.

Please contact the Trade Desk at tradedesk@cboe.com or 913.815.7001 for questions regarding the procedures related to connecting to the CWN. Please contact Ed Barry at ebarry@cboe.com or 312.786.8727 for questions regarding hardwiring handheld terminals or connections between TPH network equipment and the trading floor.

Registering Communication Devices

Rule 5.81(a) provides that “[p]rior to using a communications device for business purposes on the floor of the Exchange, [TPHs] must register the communications device by identifying (in a form and manner prescribed by the Exchange) the hardware (i.e., headset; cellular telephone; tablet; or other similar hardware).” Registration procedures are set out below. TPHs do not need to follow the below registration procedures for **Exchange-provided** communication devices. Those remain subject to

¹ Under Regulatory Circular RG15-115, the Exchange had prohibited the use of headsets in the SPX trading crowd. This restriction – which will cease to exist when the floor reopens on June 15 – did not and does not apply to the trading floor generally or to any other trading crowd.

separate procedures. Please contact Ed Barry at ebarry@cboe.com or 312.786.8727 for questions regarding the procedures related to Exchange-provided devices.

The registration requirement for non-Exchange-provided communication devices are satisfied by:

Sending an email to communicationdevices@cboe.com with “Rule 5.81” or “communication device registration” in the subject line of the email and a completed Communication Device Registration Form attached. The Communication Device Registration Form will also be located in the Exchange’s [Document Library](#) in the near future.

TPHs are responsible for keeping the Communication Device Registration Form up-to-date. Thus, if a TPH increases or decreases the number of a particular type of non-Exchange-provided devices used on the floor, the TPH must submit a revised form. All TPHs must submit a form to register the non-Exchange-provided devices they plan to use.

Additional Information:

Regulatory questions regarding this circular may be directed to Regulatory Interpretations at RegInterps@cboe.com or 312.786.8141. Operational questions may be directed to the Operations Support Center at osc@cboe.com or 866.728.2263. Questions regarding the procedures related to Exchange-provided devices may be directed to Ed Barry at ebarry@cboe.com or 312.786.8727.



Communication Device Registration Form

Pursuant to Cboe Rule 5.81 Trading Permit Holders (“TPHs”) must fill out this form to register the type and number of non-Cboe provided communication devices used for business purposes on the floor of the Exchange. The form must be submitted prior to use of a particular device on the floor of the Exchange. TPHs are responsible for keeping this form up-to-date. Each form that is submitted by a TPH must include the TPH's entire inventory of non-Cboe provided communication devices. If more space is required, a TPH may submit multiple forms within the same submission. Forms should be submitted to Communicationdevices@cboe.com.

Date:

TPH Name:

B/D Identification Number:

Check each communication device that applies and enter the number of devices.

Cellular Phone Quantity

Headset Quantity

Tablet Quantity

Other (complete items below)

Description: Quantity:

For questions regarding this form or for questions related to Cboe-provided communications devices, please contact Peggy Rasch at prasch@cboe.com or (312) 786-7204.