



Regulatory Circular 20-039

Date: June 11, 2020
Exchanges: Cboe Options
Markets: Options
To: Trading Permit Holders
Re: Violations of Trading Conduct and Decorum Policies

Updates and Replaces Regulatory Circular RG16-075

This Regulatory Circular is to remind Cboe Exchange, Inc. (the “Exchange”) Trading Permit Holders (“TPHs”) and associated persons and employees of TPHs of the provisions of Exchange Rule 13.15, *Imposition of Fines for Minor Rule Violations*, relating to violations of the Exchange's trading conduct and decorum policies under Exchange Rule 5.80, *Admission to and Conduct on the Trading Floor*.¹

Summary

Rule 13.15(g)(6) provides for the imposition of fines for violations of the Exchange's trading conduct and decorum policies under Rule 5.80. The schedules below identify certain conduct deemed to violate those policies and list the applicable fines that may be imposed by the Exchange under Rule 13.15(g)(6). Please be advised that Rule 13.15(g)(6) enables the Exchange, if warranted under the circumstances, to impose for a first offense the fine authorized for a second, third or subsequent offense; to impose for a second offense the fine authorized for a third or subsequent offense; and to impose for a third offense the fine authorized for a subsequent offense.

Trading Conduct and Decorum Violations

- Class A Offenses:
 - Physical Violence (e.g., shoving, fighting)
 - Unbusinesslike Conduct
 - Harassment (as set forth in Exchange Rule 8.11, *Prohibition Against Harassment*)
 - Failure to Abide by a Floor Official Determination
 - Property Damage (plus repair or replacement costs)
 - Failure to Supervise a Visitor
 - Failure to Attend Exchange Mandated Educational Training²
 - Failure of a Market-Maker to Respond to a Request for Market
 - Violation of Standards of Conduct Related to COVID-19 Pandemic (as currently set forth in [this Notice](#) and as may change from time to time)

¹ This Regulatory Circular updates and replaces Regulatory Circular RG16-075 to add a violation of the Standards of Conduct Related to COVID-19 Pandemic as a Class A Offense, to update outdated language related to the procedures to contest a fine to reflect changes in the rule text, and to reflect changes in the numbering of the rules cited. No other substantive changes were made.

² Does not qualify the offender for summary exclusion pursuant to Rule 5.80(c)(2).

- Class B Offenses:
 - Abusive Language
 - Abusing Exchange Property (no damage)
 - Dress Code Violations
 - Failure to Display I.D.
 - Food or Drink on Floor (unless otherwise permitted by the Exchange as communicated to TPHs via Regulatory Circular)
 - Use of Tobacco Products
 - Running

Fine Schedule

- Class A Offenses: Two Floor Officials may impose a summary fine not to exceed \$5,000 for conduct violations classified as a Class A offense and as evaluated on a rolling twenty-four month period as follows:

1st Offense	2nd Offense	3rd Offense
\$1,000	\$2,500	\$5,000

- Class B Offenses: Two Floor Officials may impose a summary fine not to exceed \$2,500 for conduct violation classified as a Class B offense and as evaluated on a rolling twenty-four month period as follows:

1st Offense	2nd Offense	3rd Offense	Subsequent Offenses
\$250	\$500	\$1,000	\$2,500

Floor Officials

Fines under Rule 13.15(g)(6) may be imposed upon the determination of two Floor Officials that the person fined has committed any of the trading conduct and decorum violations enumerated in the fine schedule above. Any application or interpretation of the Rules relating to conduct on Exchange premises shall be agreed upon by at least two Floor Officials. Floor Officials shall file with the Exchange a written report of any action taken pursuant to authority specifically granted them by the Rules and of any interpretation of the Rules.

Persons Subject to Fine

The Exchange may impose the preceding fines against either or both of the following: (a) the individual responsible for the subject violation and/or (b) if such individual is employed by or associated with a TPH, the TPH and/or any supervisory personnel of the TPH that failed to adequately supervise such individual to ensure compliance with Exchange Rules. Any TPH or supervisory person who is fined more than one (1) time in any twenty-four (24) month period for failure to supervise shall be subject to the fines specified above for second offenses, third offenses and subsequent offenses, regardless of the number of offenses committed by the individual subject to fine for the underlying violation.

Right to Contest Fines

Any person against whom a fine is imposed pursuant to Rule 13.15(g)(6) may contest that fine. Specifically, fines imposed under Rule 13.15(g)(6) may be contested before a Business Conduct Committee Hearing Panel in accordance with the provisions of Rule 13.15(c). Persons wishing to contest such fines must comply with the deadlines and all other requirements set forth in Rule 13.15(c). Please be advised that if a fine imposed under Rule 13.15(g)(6) is contested and the reviewing body finds that the person fined committed the rule violation(s) alleged, the reviewing body may impose any one or more of the disciplinary sanctions authorized by the Exchange's Constitution and Rules, including but not limited to a higher fine than the fine imposed pursuant to Rule 13.15(g)(6). In addition, if a person contests a fine imposed under Rule 13.15(g)(6) and the fine is upheld by the reviewing body, the reviewing body will impose a forum fee against the person in the amount of \$100 if the reviewing body's determination was reached without a hearing, or in the amount of \$300 if a hearing was conducted.

Additional Floor Official Action

In addition to, or instead of, issuing a fine pursuant to Rule 13.15(g)(6), Rule 5.80(c) provides that Floor Officials may direct TPHs and their associated persons to act or cease to act in a manner to ensure compliance with Exchange Rules and accepted and established standards of trading conduct and decorum and/or refer violations of the foregoing for disciplinary action pursuant to Chapter 13 of the Rules. Furthermore, any action taken by Floor Officials under Rules 5.80(c) and/or 13.15(g)(6) does not preclude additional disciplinary action under Chapter 13. In addition, as set forth in Rule 5.80(c), two Floor Officials in consultation with a designated senior executive officer of the Exchange, may summarily exclude a TPH or person associated with a TPH from the Exchange premises for not longer than the remainder of the trading day for any violation of the Exchange's trading conduct and decorum policies that is classified as a Class A offense.

Additional Information

For additional information, please refer to Rules 5.80 and 13.15. Any further questions regarding this Regulatory Circular may be referred to Regulatory Interpretations at reginterps@cboe.com or 312.786.8141.