



## Cboe Options Regulatory Circular RG19-019

**Date:** May 20, 2019

**To:** Trading Permit Holders

**From:** Regulatory Division

**RE:** Elimination of On-Floor Position Transfer Procedures under Rule 6.49A  
Amendment to Presidential Exemption Related to Off-Floor Position Transfer Procedures

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**Updates Cboe Options Regulatory Circular RG18-040**  
**Replaces Cboe Options Regulatory Circular RG09-47**

A rule change amending Cboe Options, Inc. (“Cboe Options”) Rule 6.49A, *Transfer of Positions*, has become effective and is now operative.<sup>1</sup>

Rule 6.49A had previously specified circumstances under which Trading Permit Holders (“TPHs”) may effect transfers of positions, both on and off the trading floor. As described in more detail in the rule filing and below, Rule 6.49A was amended to: (i) delete provisions related to the on-floor position transfer process; and (ii) amend provisions regarding the presidential exemption as it relates to off-floor position transfers.

### **On-Floor Position Transfers Pursuant to Cboe Rule 6.49A (Eliminated)**

Rule 6.49A was amended to remove language permitting certain on-floor position transfers and the corresponding on-floor position transfer procedures. Rule 6.49A now only includes provisions permitting certain off-floor position transfers.

### **Off-Floor Position Transfers Pursuant to Cboe Rule 6.49A (Presidential Exemption Amended)**

The provisions of Rule 6.49A that specify circumstances under which TPHs may effect off-floor position transfers, remain unchanged as a result of the rule filing.<sup>2</sup>

However, the provisions of the rule that contain exemptions approved by the Exchange’s president have been amended.<sup>3</sup> Previously, the rule provided that the Exchange’s president may grant an exemption to allow an off-floor position transfer in certain circumstances. As amended, the Exchange’s president (or a senior-level designee) may grant an exemption to allow an off-floor position transfer, on his/her own motion or upon application by the Transferor, when, in the judgement of the president (or his/her designee), allowing the off-floor position transfer is necessary or appropriate for the maintenance of a fair and orderly market and the protection of investors and is in the public interest,

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<sup>1</sup> See Securities Exchange Act Release No. [85732](#) (April 26, 2019), 84 FR 18901 (May 2, 2019) ([SR-CBOE-2019-024](#)). Rule 6.49A is now titled, “Off-Floor Transfers of Positions.”

<sup>2</sup> Rule 6.49A(a)(1) has been renumbered to Rule 6.49A(a) and a heading was added to the paragraph denoting, “Permissible Off-Floor Transfers.” See also Regulatory Circular [RG03-062](#).

<sup>3</sup> Rule 6.49(d) has been renumbered to Rule 6.49A(b).

including due to unusual or extraordinary circumstances, such as the possibility that the market value of the Transferor's business will be compromised by having to comply with the requirement to trade on the Exchange pursuant to the normal auction process or when, in the judgement of the President (or his/her designee), market conditions make trading on the Exchange impractical.

The Exchange notes that the prior version of the rule prohibited TPHs from using the position transfer procedure repeatedly or routinely in circumvention of the normal auction market process. TPHs are reminded that this prohibition continues to apply to off-floor position transfers.

### **Additional Information**

Any questions regarding this Regulatory Circular may be referred to Regulatory Interpretations at [RegInterps@cboe.com](mailto:RegInterps@cboe.com) or 312-786-8141.