



Regulatory Circular 20-044

Date: July 7, 2020

Exchanges: Cboe Options, C2 Options, Cboe BZX, Cboe EDGX

Markets: Options

To: Trading Permit Holders and Members
Attn: Options Market Makers

Re: Options Market Maker Quote *SendTime* Requirements for CAT Reporting

Cboe Exchange, Inc. (“Cboe Options”), Cboe C2 Exchange, Inc. (“C2 Options”), Cboe BZX Exchange, Inc. (“BZX Options”) and Cboe EDGX Exchange, Inc. (“EDGX Options,” and collectively the “Options Exchanges”) are issuing this Regulatory Circular to remind Trading Permit Holders and Members (together referred to herein as “Members”) that effective **July 10, 2020**, the Options Exchanges will (i) restrict usage of the BOE Bulk Quoting ports to Options Market Makers only,¹ and (ii) require that Options Market Maker bulk message quotes sent to the Options Exchanges include quote sent times.² (See Exchange Notices [C2020062900](#) and [C2020033009](#) for technical details.)

The requirement to include quote sent times in the *SendTime* field on Options Market Maker bulk message quotes is being implemented in connection with Consolidated Audit Trail (“CAT”) reporting requirements, as described in more detail below.

CAT-related Quote Sent Time Requirements

Section 6.4(d)(iii) of the CAT NMS Plan states that “[w]ith respect to the reporting obligations of an Options Market Maker with regard to its quotes in Listed Options, Reportable Events required pursuant to Section 6.3(d)(ii) and (iv) shall be reported to the Central Repository by an Options Exchange in lieu of the reporting of such information by the Options Market Maker.” Section 6.4(d)(iii) of the CAT NMS Plan and each Options Exchange’s Rules also require an Options Market Maker to report to the respective Options Exchange the time at which a quote in a Listed Option is sent to the Options Exchange (including any applicable quote modifications and/or cancellation time when such modification or cancellation is originated by the Options Market Maker)(the “Quote Sent Time” information). The Options Exchange will in turn report this Quote Sent Time information to the CAT Central Repository (and the Options Market Maker will not be required to report to the CAT Central

¹ See Cboe Options Rule Filing [SR-CBOE-2020-041](#), C2 Options Rule Filing [SR-C2-2020-005](#), Cboe BZX Rule Filing [SR-CboeBZX-2020-037](#), and Cboe EDGX Rule Filing [SR-CboeEDGX-2020-018](#). Note that bulk message quotes will be available to an Options Market Maker that is a Member of the respective Options Exchange in its appointed classes and in non-appointed classes. (An Options Market Maker with an appointment in a class may designate a bulk message for that class as Post Only or Book Only and a non-appointed Options Market Maker must designate a bulk message for that class as Post Only.)

² Note that the requirement to include quote sent times in the *SendTime* field will apply to any Options Market Maker that is a Member of the respective Options Exchange and is using bulk message quotes, whether or not the Options Market Maker has an appointment in the given class.

Repository information on the routing, modification or cancellation of such a quote). (See Cboe Options/C2 Options Rule 7.22(a)(3)³ and BZX Options/EDGX Options Rule 4.7(a)(3), available [here](#).)

Consistent with these requirements, effective **July 10, 2020**:

- Use of the *SendTime* field on Quote Update and Quote Update (Short) application messages will be mandatory for any Options Market Maker that elects to use the BOE Bulk Quoting ports. Note that Quote Update and Quote Update (Short) messages with a zero value in the *SendTime* field will be rejected by the Options Exchange system. (See Exchange Notice [C2020062900](#) for technical details.)
- Use of the *SendTime* field on mass *Cancel Order* and *Purge Order* application messages will be mandatory for any Options Market Maker that sends a mass cancellation or purge that will cancel one or more resting Options Market Maker quotes. Note that, while it is mandatory that Options Market Makers populate the *SendTime* field on mass *Cancel Order* and *Purge Order* messages, it is **not** system-enforced. As a result mass cancels and purges with a zero value in the *SendTime* field will not be rejected by the Options Exchange system. (See Exchange Notice [C2020033009](#) for technical details.)

An Options Market Maker must populate the *SendTime* field with the time in at least millisecond granularity. To the extent that an Options Market Maker's quote handling or execution systems utilize time stamps in increments finer than milliseconds, the Options Market Maker must record and report time stamps to the Options Exchange in such finer increment. (See Cboe Options/C2 Options Rule 7.25(a)⁴ and BZX Options/EDGX Options Rule 4.10(a), available [here](#).)

As noted above, beginning **July 10, 2020**, use of the *SendTime* field is mandatory for appointed Options Market Makers that elect to use the BOE Quoting Port interface. Options Market Makers are required to report all other activity directly to the CAT Repository. More specifically, to the extent that an Options Market Maker (or any other Member) uses other application messages on the Options Exchanges (e.g., order and auction response messages submitted through the [US Options BOE Specification](#) or the [US Options FIX Specification](#)), any CAT Reportable Events associated with the use of those interfaces must be reported to the CAT Central Repository directly by that Options Market Maker (or Member) in accordance with the applicable "Phase" timeline. (See Cboe Options/C2 Options Rule 7.31(c) and BZX Options/EDGX Options Rule 4.16(c), available [here](#), as well as the CAT timeline available [here](#).)

Additional Information

For additional information on the Options Market Maker quote provisions related to CAT, please refer to Cboe Options/C2 Option Rules 7.22(a)(3), 7.25(a) and 7.31(c), and BZX Options/EDGX Options Rule 4.7(a)(3), 4.10(a) and 4.16(c), which are available [here](#). Please also refer to Section 6.4(d)(iii) of the CAT NMS Plan, which is available [here](#), as well as CAT Alert 2020-03, available [here](#), and CAT FAQ K10, available [here](#). Any further questions regarding this Regulatory Circular may be referred to Regulatory Interpretations at reginterps@cboe.com or 312.786.8141.

³ Cboe Options Rule 7.22(a)(3) is incorporated by reference into C2 Options Chapter 7, Section B.

⁴ Cboe Options Rule 7.25(a) is incorporated by reference into C2 Options Chapter 7, Section B.