



Regulatory Circular 22-013

Date: September 8, 2022
Exchanges: Cboe Options, C2 Options, BZX and EDGX
Markets: Options
To: Trading Permit Holders and Members
Re: Requirement to Provide Notification to the Exchange of Disciplinary Action

Replaces Regulatory Circular [RG13-073](#)

Cboe Options, C2 Options, BZX Options and EDGX Options (each an “Exchange” and collectively, the “Exchanges”) are issuing this regulatory circular to inform Trading Permit Holders and Members (collectively, “Members”) of the process a Member must follow to notify the Exchanges of disciplinary actions by other organizations against the Member or its associated persons as required by Cboe Options and C2 Options Rule 8.8¹ and BZX Options and EDGX Options Rules 18.5.

Cboe Options/C2 Options Rule 8.8 and BZX Options/EDGX Options Rule 18.5 require Members to promptly notify the Exchange **in writing** of any disciplinary action, including the basis therefor, taken against the Member or its associated persons by any:

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

Additionally, Cboe Options/C2 Options Rule 8.8 and BZX Options/EDGX Options Rule 18.5 require a Member to promptly notify the Exchange **in writing** of any internal disciplinary action, and the basis therefor, taken by the Member 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 Cboe Options/C2 Options Rule 8.8 and BZX Options/EDGX Options Rule 18.5 must be filed through WebCRD or transmitted by e-mail to DisciplinaryNotices@cboe.com.

Notices pursuant to Cboe Options/C2 Options Rule 8.8 and BZX Options/EDGX Options Rule 18.5 transmitted directly to the applicable Exchange or filed through WebCRD should specify the instrument or instruments (e.g., options, stock, bonds, etc.) involved in the activity that resulted in disciplinary action.

¹ Cboe Options Rule 8.8 is incorporated by reference into Chapter 8 of the C2 Options rulebook.

Disciplinary Actions Against a Member

The notice requirement for disciplinary actions taken by other organizations against a Member described in Cboe Options/C2 Options Rule 8.8 and BZX Options/EDGX Options Rule 18.5 is satisfied by filing an amended Uniform Application for Broker-Dealer Registration Form (Form “BD”), which reports the action and the basis therefor electronically through WebCRD. Please note, not all disciplinary actions are eligible for inclusion on an amended Form BD filing. Notice for disciplinary actions not eligible for inclusion on an amended Form BD filing must be transmitted directly to the Exchange as described above.

Disciplinary Actions Against an Associated Person

The notice requirement for disciplinary actions taken by other organizations or an internal disciplinary action taken by the Member against an associated person described in Cboe Options/C2 Options Rule 8.8 and BZX Options/EDGX Options Rule 18.5 is satisfied by filing 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”), which reports the action and the basis therefore electronically through WebCRD. Please note, not all disciplinary actions are eligible for inclusion on an amended Form U4 or U5 filing. Notice for a disciplinary action not eligible for inclusion on an amended Form U4 or U5 filing must be transmitted directly to the Exchange as described above.

Additional Information

Any questions regarding this Regulatory Circular may be referred to Regulatory Interpretations at reginterps@cboe.com or 312.786.8141. Please note other self-regulatory organizations may have separate disciplinary action notification requirements (e.g., FINRA Rule 4530, NYSE Rule 4530).