



Clearing Trading Permit Holder Give Up Authorization

Reference ID: C2018081401

Overview

On August 7, 2018, Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) submitted a rule filing to the Securities and Exchange Commission (“SEC”) to amend Cboe rules governing the process in which a Trading Permit Holder (“TPH”) “gives up” or selects the Clearing Trading Permit Holder (“CTPH”) responsible for the clearance of an Exchange transaction ([SR-CBOE-2018-055](#)). Currently, Rule 6.21 allows a TPH to give up any CTPH on an Exchange transaction as long as the TPH informed the Exchange prior to using the CTPH as a Give Up (or as long as the CTPH is the TPH’s Guarantor). The proposed amendments to Rule 6.21 will require written authorization from a CTPH in order for a particular TPH to use that CTPH as a Give Up.

Details

Upon implementation of the proposed changes to Rule 6.21, a non-Market-Maker TPH will only be able to give up either an “Authorized Give Up” or the TPH’s “Guarantor.” An “Authorized Give Up” of a TPH is any CTPH that has provided the Exchange written authorization providing that the executing TPH may give up that CTPH. A “Guarantor” for purposes of Rule 6.21 is a CTPH that has issued a Letter of Guarantee or Letter of Authorization for the executing TPH.

The proposed rule change will require a CTPH to submit a Clearing Trading Permit Holder Give Up Authorization Form (see “[Authorization Form](#)”) for each TPH that it wishes to allow the ability to use the CPTH as a give up. TPHs are encouraged to begin the process of obtaining CTPH authorization as soon as possible. The Exchange will immediately begin accepting completed Authorization Forms, but will not add or remove any give ups based on the forms until the effective implementation date. Completed forms should be submitted to giveups@cboe.com. There is no minimum or maximum number of TPHs to which a CTPH may provide give up authorization.

As a reminder, Market-Makers will only be able to give up their respective Guarantors. A Guarantor of a TPH, including Market-Makers, will automatically be enabled for that TPH without any further action from the Guarantor or TPH (i.e., a CTPH does not need to fill out an Authorization Form for any TPH for which it is already a Guarantor).

There are no proposed changes to Rule 6.21 provisions relating to the acceptance of a trade, rejection of a trade, or other give up changes.

Effective Date

The implementation date of the proposed rule change shall be no later than sixty (60) days following SEC approval. The Exchange will announce the implementation date in an Exchange Notice, to be published no later than thirty (30) days following SEC approval.

Additional Information

See Cboe [Regulatory Circular RG14-148](#) for description of current rule and processes.

Questions regarding this subject may be directed to Cboe Market Structure and Functionality (MSF) and to the Cboe Operations Support Center (OSC).

We appreciate your business and remain committed to powering your potential with Cboe products, technologies and solutions.

MSF

msfmgt@cboe.com

OSC

866.728.2263

helpdesk@cboe.com