

EXHIBIT 5A

(additions are underlined; deletions are [bracketed])

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Rules of Cboe Exchange, Inc.

(currently effective)

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[CHAPTER XVII. DISCIPLINE]

[Rule 17.1. Disciplinary Jurisdiction

(a) A Trading Permit Holder or a person associated with a Trading Permit Holder (the “Respondent”) who is alleged to have violated or aided and abetted a violation of any provision of the Exchange Act, the Rules, or the Bylaws, or any interpretation thereof or resolution of the Board of the Exchange regulating the conduct of business on the Exchange shall be subject to the disciplinary jurisdiction of the Exchange under this Chapter, and after notice and opportunity for a hearing may be appropriately disciplined by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, being suspended or barred from being associated with a Trading Permit Holder, suspension or revocation of one or more of the Respondent’s Trading Permits or any other fitting sanction, in accordance with provisions of the Chapter.

An individual Trading Permit Holder, nominee or other person associated with a TPH organization may be charged with any violation committed by employees under his supervision or by the TPH organization with which he is associated, as though such violation were his own. A TPH organization may be charged with any violation committed by its employees or by a Trading Permit Holder or other person who is associated with such TPH organization, as though such violation were its own.

(b) Any Trading Permit Holder or person associated with a Trading Permit Holder shall continue to be subject to the disciplinary jurisdiction of the Exchange following such person’s termination as a Trading Permit Holder or associated person with respect to matters that occurred prior to such termination or with respect to the failure to honor an arbitration award pursuant to Chapter XVIII of the Rules; provided that written notice of the commencement of an inquiry into such matters is given by the Exchange to such former Trading Permit Holder or former associated person within one year of receipt by the Exchange or such other exchange or association recognized for purposes of Rule 9.3 of the latest written notice of the termination of such person’s status as a Trading Permit Holder or person associated with a Trading Permit Holder. The foregoing notice requirement does not apply to a person who at any time after a termination again subjects himself to the disciplinary jurisdiction of the Exchange by becoming a Trading Permit Holder or a person associated with a Trading Permit Holder.

. . . Interpretations and Policies:

.01 A summary suspension or other action taken pursuant to Chapter XVI of the Rules shall not be deemed to be disciplinary action under this Chapter, and the provisions of this Chapter shall not be applicable to such action.

.02 The notice requirement in paragraph (b) of this Rule shall not apply in instances where the Exchange seeks to act under this Chapter XVII with respect to a former Trading Permit Holder or person associated with a Trading Permit Holder for the failure to honor an arbitration award pursuant to Chapter XVIII of the Rules.]

[Rule 17.2. Complaint and Investigation

(a) Initiation of Investigation. The Regulatory staff, and any successor thereto, shall investigate or examine possible violations within the disciplinary jurisdiction of the Exchange whenever the Regulatory staff determines in its sole discretion there is a reasonable basis for it to do so. The Regulatory staff shall also determine in its discretion whether to investigate or examine any complaint it receives alleging possible violations within the disciplinary jurisdiction of the Exchange, provided such complaint specifies in reasonable detail the facts constituting the violation. Complaints, written or oral, may be submitted by any person or entity, including the Board, Exchange employees, and Trading Permit Holders (the “Complainant”).

(b) Requirement to Furnish Information. Each Trading Permit Holder and person associated with a Trading Permit Holder shall be obligated upon request by the Exchange to appear and testify, and to respond in writing to interrogatories and furnish documentary materials and other information requested by the Exchange in connection with (i) an investigation initiated pursuant to paragraph (a) of this Rule, (ii) a hearing or appeal conducted pursuant to this Chapter or preparation by the Exchange in anticipation of such a hearing or appeal, or (iii) an Exchange inquiry resulting from an agreement entered into by the Exchange pursuant to Rule 15.9. No Trading Permit Holder or person associated with a Trading Permit Holder shall impede or delay an Exchange investigation or proceeding conducted pursuant to this Chapter or an Exchange inquiry pursuant to Rule 15.9 nor refuse to comply with a request made by the Exchange pursuant to this paragraph. A Trading Permit Holder or person associated with a Trading Permit Holder is entitled to be represented by counsel during any such Exchange investigation, proceeding or inquiry.

(c) Report. Regulatory staff shall have the sole discretion to determine whether to request that the Chief Regulatory Officer (“CRO”) authorize the issuance of a statement of charges pursuant to Rule 17.4. In every instance where an investigation has been instituted as a result of a complaint, and in every other instance where an investigation results in the Regulatory staff finding that there are reasonable grounds to believe that a violation has been committed and a formal regulatory action (i.e., a Statement of Charges) is warranted, the Regulatory staff shall submit a written report of its investigation to the CRO. In those instances where an investigation results in the Regulatory staff finding that there are reasonable grounds to believe that a violation has been committed but non-formal regulatory action (i.e., a Letter of Information, a Letter of Caution or a Staff Interview) is warranted in lieu of the issuance of a statement of charges, the Regulatory staff may in its sole discretion determine to impose such non-formal regulatory action without the submission of a written report of its investigation to

the CRO. In the event the Regulatory staff finds that there are not reasonable grounds to believe that a violation has been committed, the Regulatory staff may in its sole discretion determine to close the investigation (i.e., File Without Action) without the submission of a written report of its investigation to the CRO.

(d) Notice, Statement and Access. Prior to submitting its report, the Regulatory staff shall notify the person(s) who is the subject of the report (hereinafter Subject) of the general nature of the allegations and of the specific provisions of the Exchange Act, rules and regulations promulgated thereunder, Bylaws or Rules of the Exchange or any interpretation thereof or any resolution of the Board regulating the conduct of business on the Exchange, that appear to have been violated. Except when the CRO determines that expeditious action is required, a Subject shall have 25 days from the date of the notification described above to submit a written statement to the CRO concerning why no disciplinary action should be taken. To assist a Subject in preparing such a written statement, the Subject shall have access to any documents and other materials in the investigative file of the Exchange that were furnished by the Subject or the Subject's agents. The 25-day period to submit a written statement shall toll while any request for access to the investigative file pursuant to this section is pending.

. . . Interpretations and Policies:

.01 Failure to furnish testimony, documentary evidence or other information requested by the Regulatory staff in the course of an Exchange inquiry, investigation, hearing or appeal conducted pursuant to this Chapter or in the course of preparation by the Regulatory staff in anticipation of such a hearing or appeal on the date or within the time period the Exchange specifies shall be deemed to be a violation of Rule 17.2.

.02 In lieu of, or in addition to, submitting a written statement concerning why no disciplinary action should be taken as permitted by paragraph (d) of this Rule, the Subject may submit a statement in the form of a videotaped response. Except when the CRO determines that expeditious action is required, the Subject shall have 25 days from the date of the notification described in paragraph (d) to submit the videotaped response. Videotaped responses shall not exceed 12 minutes and must be accompanied by a written transcript of the response.

.03 To assist the Regulatory staff in investigating possible violations within the Exchange's disciplinary jurisdiction, Complainants should sign written complaints or identify themselves when making oral complaints pursuant to paragraph (a) of this Rule, and also identify the specific statutes, Bylaws, rules, interpretations or resolutions that allegedly were violated.

.04 In addition to the existing obligation under Exchange rules regarding the production of books and records, each TPH or TPH organization shall furnish upon request, in the manner and standard electronic format prescribed by the Exchange, data concerning orders, transactions, and positions, including related hedges and offsets, in relation to a regulatory review conducted by the Regulatory staff.

.05 References to "Regulatory staff" in Chapter XVII mean the Exchange's employees in the Regulatory Division, and, as applicable, may also mean employees of FINRA who are

performing regulatory services to the Exchange in accordance with the regulatory services agreement entered into between the Exchange and FINRA.]

[Rule 17.3. Expedited Proceeding

Upon receipt of the notification required by Rule 17.2(d), a Subject may seek to dispose of the matter through a letter of consent signed by the Subject. If a Subject desires to attempt to dispose of the matter through a letter of consent, the Subject must submit to the Regulatory staff within 25 days from the date of the notification required by Rule 17.2(d) a written notice electing to proceed in an expedited manner pursuant to this Rule 17.3. The Subject must then endeavor to reach agreement with the Regulatory staff upon a letter of consent which is acceptable to the Regulatory staff and which sets forth a stipulation of facts and findings concerning the Subject's conduct, the violation(s) committed by the Subject and the sanction(s) therefor. The matter can only be disposed of through a letter of consent if the Regulatory staff and the Subject are able to agree upon terms of a letter of consent which are acceptable to the staff and the letter is signed by the Subject. At any point in the negotiations regarding a letter of consent, either the Regulatory staff may deliver to the Subject or the Subject may deliver to the staff a written declaration of an end to the negotiations. On delivery of such a declaration the Subject will then have 25 days to submit a written statement pursuant to Rule 17.2(d) and thereafter the Regulatory staff may bring the matter to the CRO for appropriate action. In the event that the Subject and the Regulatory staff are able to agree upon a letter of consent which is acceptable to the Regulatory staff, the Regulatory staff shall submit the letter of consent to the CRO. If the letter of consent is accepted by the CRO, the Exchange shall adopt the letter of consent as its decision and no further action shall be taken against the Subject respecting the matters that are the subject of the letter of consent. If the letter of consent is rejected by the CRO, the matter shall proceed as though the letter of consent had not been submitted. The CRO's decision to accept or reject a letter of consent shall be final, and a Subject may not seek review thereof.]

[Rule 17.4. Charges

(a) Determination Not to Initiate Charges. In those cases where notice has been provided pursuant to Rule 17.2(d) and whenever it shall appear to the CRO from the report of the Regulatory staff that no probable cause exists for finding a violation within the disciplinary jurisdiction of the Exchange, or if the CRO otherwise determines that no further action is warranted, the CRO shall direct the Regulatory staff to prepare and issue a written statement to that effect setting forth the CRO's reasons for such finding, which shall be sent to the Subject and the Complainant, if any.

(b) Initiation of Charges. Whenever it shall appear to the CRO from the report of the Regulatory staff that there is probable cause for finding a violation within the disciplinary jurisdiction of the Exchange and that further proceedings are warranted, the CRO shall direct the Regulatory staff to prepare and issue a statement of charges against the person or organization alleged to have committed a violation (the "Respondent") specifying the acts in which the Respondent is charged to have engaged and setting forth the specific provisions of the Securities Exchange Act of 1934, as amended, rules and regulations promulgated thereunder, Bylaws, rules, interpretations or resolutions of which such acts are in violation. A copy of the

charges shall be served upon the Respondent in accordance with Rule 17.12. The Complainant, if any, shall be notified if further proceedings are warranted.

(c) Access to Documents. Provided that a Respondent has made a written request for access to documents within 25 days after a statement of charges has been served upon the Respondent in accordance with Rule 17.12, the Respondent shall have access to all documents concerning the case that are in the investigative file of the Exchange except for Regulatory staff investigation and examination reports and materials prepared by the Regulatory staff in connection with such reports or in anticipation of a disciplinary hearing. In providing such documents, the Regulatory staff may protect the identity of a Complainant.]

[Rule 17.5. Answer

The Respondent shall have 25 days after service of the charges to file a written answer thereto. The answer shall specifically admit or deny each allegation contained in the charges, and the Respondent shall be deemed to have admitted any allegation not specifically denied. The answer may also contain any defense which the Respondent wishes to submit and may be accompanied by documents in support of the Respondent's answer or defense. In the event the Respondent fails to file an answer, the charges shall be considered to be admitted. The 25-day period to submit a written answer shall toll while any request for access to the investigative file pursuant to Rule 17.4(c) is pending.]

[Rule 17.6. Hearing

(a) Participants. Subject to Rule 17.7 of this Chapter concerning summary proceedings, a hearing on the charges shall be held before a panel of either three or five members of the Business Conduct Committee ("BCC") selected by the Chairperson of the BCC. The selected members of the BCC shall exercise the authority of the BCC in respect of matters pertaining to the hearing and for purposes of this Chapter shall be referred to as the "Hearing Panel." The Exchange and the Respondent shall be the parties to the hearing. Where a TPH organization is a party, it shall be represented by one of the TPH organization's nominees at the hearing. BCC Counsel may assist the Hearing Panel in preparing its written recommendations or judgments.

(1) Impartiality of Hearing Panel Members. When any member of the Hearing Panel considers a disciplinary matter they are expected to function impartially and independently of the staff members who prepared and prosecuted the charges. If at any time a member of the Hearing Panel determines that they have a conflict of interest or bias or circumstances otherwise exist where their fairness might reasonably be questioned, the applicable member of the Hearing Panel shall notify the Chairperson of the BCC who shall issue and serve on the Parties a notice stating that the Hearing Panel member has withdrawn from the matter. In the event that a member of a Hearing Panel withdraws, is incapacitated, or otherwise is unable to continue service after being appointed, the Chairperson of the BCC shall appoint a replacement to serve on the Hearing Panel.

(2) Motions for Disqualification. Within 15 days of the appointment of the Hearing Panel, the Respondent may move for disqualification of any member of the Hearing Panel sitting on such Panel based upon bias or conflict of interest. Such motions shall be made in writing and state with specificity the facts and circumstances giving rise to the alleged bias or conflict of interest. The motion papers shall be filed with the Chairperson of the BCC. The Exchange may file a brief in opposition to the Respondent's motion within 15 days of service thereof.

(3) Rulings on Motions for Disqualification. The Hearing Panel, excluding the applicable member of the Hearing Panel at issue, shall rule upon such motion no later than 30 days from filing by the Respondent. Prior adverse rulings against the Respondent or Respondent's attorney in other matters shall not, in and of themselves, constitute grounds for disqualification. If the Hearing Panel believes the Respondent has provided satisfactory evidence in support of the motion to disqualify, the applicable member of the Hearing Panel shall remove themselves and request the Chairperson of the BCC to reassign the hearing to another member of the BCC. If the Hearing Panel determines that the Respondent's grounds for disqualification are insufficient, it shall deny the Respondent's motion for disqualification by setting forth the reasons for the denial in writing and the Hearing Panel will precede with the hearing. The ruling by the Hearing Panel on such motions shall not be subject to interlocutory review.

(b) Prehearing Procedures. Parties shall be given at least 15 business days' notice of the time and place of the hearing. Hearings are typically held in Chicago, but, the Hearing Panel may decide to hold a hearing outside of Chicago to accommodate the parties, witnesses, Exchange staff, or the Hearing Panel members. Not less than ten (10) business days in advance of the scheduled hearing date, each party shall furnish to the Hearing Panel and to the other parties copies of all documentary evidence such party intends to present at the hearing and a list containing the names of all witnesses the party intends to present at a hearing. Where time and the nature of the proceeding permit, the parties shall meet in a pre-hearing conference for the purpose of clarifying and simplifying issues and otherwise expediting the proceeding. At such pre-hearing conference, the parties shall attempt to reach agreement respecting authenticity of documents, facts not in dispute, and any other items which will serve to expedite the hearing of the matter. At the request of any party, the Hearing Panel or Hearing Panel Chairperson shall hear and decide all pre-hearing issues not resolved among the parties. Interlocutory Board review of any decision made by the Hearing Panel prior to completion of the hearing is generally prohibited. Such interlocutory review shall be permitted only if the Hearing Panel agrees to such review after determining that the issue is a controlling issue of rule or policy and that immediate Board review would materially advance the ultimate resolution of the case.

(c) Conduct of Hearing. The Hearing Panel shall determine all questions concerning the admissibility of evidence and shall otherwise regulate the conduct of the hearing. Formal rules of evidence shall not apply. The charges shall be presented by a representative of the Exchange who, along with Respondent and any other party, may present evidence and produce witnesses who shall testify under oath and are subject to being questioned by the Hearing Panel and the other parties. The Respondent and intervening parties are entitled to be represented by

counsel who may participate fully in the hearing. A transcript of the hearing shall be made and shall become part of the record.

(d) Documents and Witnesses. The Hearing Panel may request the production of documentary evidence and witnesses. If the Exchange, a Trading Permit Holder, or a person associated with a Trading Permit Holder will not voluntarily produce non-privileged documents or hearing witnesses the Respondent has requested, the Respondent may submit a written request to the Hearing Panel asking the Hearing Panel to enter an order compelling the production of non-privileged documents by the Exchange, the Trading Permit Holder, or associated person or compelling the testimony of the Trading Permit Holder, associated person, or a person within the Exchange's control. Before entering such order, the Hearing Panel must hear any objections raised by Exchange staff to the issuance of such an order. When deciding whether to issue the requested order, the Hearing Panel shall weigh the probative value of the documents or testimony against considerations such as undue delay, waste of time, confusion, unfair prejudice or needless presentation of cumulative evidence. As a condition to issuing such an order, the Hearing Panel may require the Respondent to pay the costs of complying with the requested order including a witness's travel expenses. No Trading Permit Holder or person associated with a Trading Permit Holder shall refuse to furnish relevant testimony, documentary materials or other information requested or ordered by the Hearing Panel.

. . . Interpretations and Policies:

.01 Intervention. Any person not otherwise a party may intervene as a party to the hearing upon demonstrating to the satisfaction of the Hearing Panel that that person has an interest in the subject of the hearing and that the disposition of the matter, may, as a practical matter, impair or impede that person's ability to protect that interest. Also, the Hearing Panel may in its discretion permit a person to intervene as a party to the hearing when the person's claim or defense and the main action have questions of law or fact in common. Any person wishing to intervene as a party to a hearing shall file with the Hearing Panel a notice requesting the right to intervene, stating the grounds therefor, and setting forth the claim or defense for which intervention is sought.

.02 The Hearing Panel, in exercising its discretion concerning intervention shall take into consideration whether the intervention will unduly delay or prejudice the adjudication of the rights of the original parties.

.03 Subject to Rule 17.7, the CRO shall have the authority to direct that a hearing be scheduled at any time, after the period to answer pursuant to Rule 17.5 has elapsed.]

[Rule 17.7. Summary Proceedings

Notwithstanding the provision of Rule 17.6 of this Chapter, the CRO may make a determination without a hearing and may impose a penalty as to violations which the Respondent has admitted or has failed to answer or which otherwise do not appear to be in dispute. Notice of such summary determination, specifying the violations and penalty, shall be served upon the Respondent, who shall have ten (10) business days from the date of service to notify the CRO that the Respondent desires a hearing upon all or a portion of any charges not previously admitted or upon the penalty. Failure to so notify the CRO shall constitute admission of the

violations and acceptance of the penalty as determined by the CRO and a waiver of all rights of review. If the Respondent requests a hearing, the matters which are the subject of the hearing shall be handled as if the summary determination had not been made.]

[Rule 17.8. Offers of Settlement

(a) Submission of Offer. At any time following the date of service of a statement of charges upon the Respondent in accordance with Rule 17.12, the Respondent may submit to the CRO a written offer of settlement, signed by the Respondent, which shall contain a proposed stipulation of facts and shall consent to a specified sanction. Where the CRO accepts an offer of settlement, the CRO shall issue a decision, including findings and conclusions and imposing a sanction, consistent with the terms of such offer. Where the CRO rejects an offer of settlement, it shall notify the Respondent and the matter shall proceed as if such offer had not been made, and the offer and all documents relating thereto shall not become part of the record. A decision of the CRO issued upon acceptance of an offer of settlement as well as the determination of the CRO whether to accept or reject such an offer shall be final, and the Respondent may not seek review thereof.

(b) Submission of Statement. A Respondent may submit with an offer of settlement a written statement in support of the offer. In addition, if the Regulatory staff will not recommend acceptance of an offer of settlement to the CRO, a Respondent shall be notified and may appear before the CRO to make an oral statement in support of the offer. Finally, if the CRO rejects an offer that the Regulatory staff supports, a Respondent may appear before the CRO to make an oral statement concerning why the Respondent believes the CRO should change the CRO's decision and accept the Respondent's offer. A Respondent must make a request for such an appearance within five (5) days of being notified that the Respondent's offer was rejected or that Regulatory staff will not recommend acceptance.

. . . Interpretations and Policies:

.01 Unless the CRO shall otherwise order, a Respondent shall be entitled to submit to the CRO a maximum of two written offers of settlement in connection with the statement of charges issued to that Respondent pursuant to Rule 17.4(b).

.02 Subject to Interpretation and Policy .01, a Respondent may propose a written offer of settlement during the course of any proceeding under this Chapter. If the Respondent wants to submit an offer of settlement subsequent to a hearing being scheduled pursuant to Rule 17.6, the Hearing Panel shall grant the parties leave from the hearing for the offer of settlement to be presented to the CRO for consideration under paragraph (a) of this rule.]

[Rule 17.9. Decision

Following a hearing conducted pursuant to Rule 17.6 of this Chapter, the Hearing Panel shall issue a decision in writing, based solely on the record, determining whether the Respondent has committed a violation and imposing the sanction, if any, therefor. The decision shall include a statement of findings and conclusions, with the reasons therefor, upon all material issues presented on the record. Where a sanction is imposed under Rule 17.11, the decision shall

include a statement specifying the acts or practices in which the Respondent has been found to have engaged, the specific provisions of the Securities Exchange Act of 1934, as amended, rules and regulations promulgated thereunder, Bylaws, rules, interpretations or resolutions of the Exchange of which the acts are deemed to be in violation, and a statement of the sanctions imposed and the reasons therefor. The Respondent and the Regulatory Division shall be promptly sent a copy of the decision. After Board review pursuant to Rule 17.10, or the time for such review has expired, the decision will be considered final, and the Exchange shall post the complete decision on the Cboe Options website.]

[Rule 17.10. Review

(a)

(1) Petition. Both the Respondent and the Regulatory Division shall have 15 days after service of notice of the decision made pursuant to Rule 17.9 of this Chapter to petition for review of the decision by filing a copy of the petition with the Secretary of the Exchange (“Secretary”) and with all other parties to the hearing. Such petition shall be in writing and shall specify the findings and conclusions to which exceptions are taken together with reasons for such exceptions. Any objections to a decision not specified by written exception shall be considered to have been abandoned.

(2) Written Submissions. Within 15 days after a petition for review has been filed with the Secretary of the Exchange pursuant to paragraph (a)(1) of this Rule, the other parties to the hearing may each submit to the Secretary a written response to the petition. A copy of the response must be served upon the petitioner. The petitioner has 15 days from the service of the response to file a reply with the Secretary and the other parties to the hearing.

(b) Conduct of Review. The review shall be conducted by the Board or a committee of the Board composed of at least three Directors whose decision must be ratified by the Board. Any Director who participated in a matter before the Hearing Panel or other Committee may not participate in any review of that matter by the Board. Unless the Board shall decide to open the record for the introduction of evidence or to hear argument, such review shall be based solely upon the record and the written exceptions filed by the parties. New issues may be raised by the Board; the parties to the hearing shall be given notice of and an opportunity to address any such new issues. The Board may affirm, reverse or modify, in whole or in part, the decision of the Hearing Panel. Such modification may include an increase or decrease of the sanction. The decision of the Board shall be in writing, shall be promptly served on the Respondent and the Regulatory Division, and shall be final.

(c) Review on Motion of Board. The Board may on its own initiative order review of a decision made pursuant to Rule 17.7 or 17.9 of this Chapter within 30 days after notice of the decision has been served on the Respondent and the Regulatory Division. Such review shall be conducted in accordance with the procedure set forth in paragraph (b) of this Rule.]

[Rule 17.11. Judgment and Sanction

(a) Sanctions. Trading Permit Holders and persons associated with Trading Permit Holders shall (subject to any rule or order of the Securities and Exchange Commission) be appropriately disciplined by the Hearing Panel or the CRO, as applicable, for violations under these Rules by expulsion, suspension, limitation of activities, functions and operations, fine, censure, being suspended or barred from being associated with a Trading Permit Holder, suspension or revocation of one or more Trading Permits, or any other fitting sanction.

(b) Effective Date of Judgment. Sanctions imposed under this Chapter shall not become effective until the Exchange review process is completed or the decision otherwise becomes final. Pending effectiveness of a decision imposing a sanction on the Respondent, the Hearing Panel or the CRO, as applicable, may impose such conditions and restrictions on the activities of the Respondent as the Hearing Panel or the CRO, as applicable, considers reasonably necessary for the protection of investors and the Exchange.

. . . Interpretations and Policies:

.01 To promote consistency and uniformity in the imposition of penalties, the following Principal Considerations in Determining Sanctions should be considered in connection with the imposition of sanctions in all cases in determining appropriate remedial sanctions through the resolution of disciplinary matters through offers of settlement or after formal disciplinary hearings.

Principal Considerations In Determining Sanctions

(1) Disciplinary sanctions are remedial in nature. The Hearing Panel or the CRO, as applicable, should design sanctions to prevent and deter future misconduct by wrongdoers, to discourage others from engaging in similar misconduct, and to improve overall business standards of Cboe Options Trading Permit Holders. Pursuant to Exchange Rule 17.11, the Hearing Panel or the CRO, as applicable, may impose sanctions including expulsion, suspension, limitation of activities, fine, censure, suspension or revocation of one or more Trading Permits, or any other fitting sanction.

(2) An important objective of the disciplinary process is to deter future misconduct by imposing progressively escalating sanctions on recidivists. The Hearing Panel or the CRO, as applicable, should consider a party's relevant disciplinary history in determining sanctions.

(3) Relevant Precedent. The Hearing Panel or the CRO, as applicable, should consider prior similar disciplinary decisions (relevant precedent) in determining an appropriate sanction and may consider relevant precedent from other self-regulatory organizations.

(4) The Hearing Panel or the CRO, as applicable, should tailor sanctions to address the misconduct at issue. The Hearing Panel or the CRO, as applicable, should impose sanctions tailored to the misconduct at issue. For example, the Hearing Panel or the CRO, as applicable, may require a Trading Permit Holder or TPH organization to, among other things: retain a qualified independent consultant to improve future compliance with regulatory requirements;

disclose disciplinary history to new and/or existing clients; implement heightened supervision of certain employees; or requalify by examination in any or all registered capacities.

(5) Aggregation of violations may be appropriate in certain instances for purposes of determining sanctions. The Hearing Panel or the CRO, as applicable, may aggregate individual violations of particular rules and treat such violations as a single offense for purposes of determining sanctions. Aggregation may be appropriate when the Exchange utilizes a comprehensive surveillance program in the detection of potential rules violations. Aggregation may also be appropriate where the Exchange has reviewed activity over an extensive time period during the course of an investigation of matters disclosed either through a routine examination of the Trading Permit Holder or as the result of a complaint. Similarly, where no exceptional circumstances are present, the Exchange may impose a fine based upon a determination that there exists a pattern or practice of violative conduct. The Exchange also may aggregate similar violations generally if the conduct was unintentional, there was no injury to public investors, or the violations resulted from a single systemic problem or cause that has been corrected.

(6) The Hearing Panel or the CRO, as applicable, should evaluate appropriateness of disgorgement and/or restitution. The Hearing Panel or the CRO, as applicable, should evaluate the appropriateness of disgorgement and/or restitution in those cases where the amount of harm is quantifiable and the harmed party is identifiable.

(7) The Hearing Panel or the CRO, as applicable, should consider contributions or settlements by a respondent or any related Trading Permit Holder or TPH organization to the harmed party as it relates to the conduct that is the subject of the disciplinary matter.

(8) The Hearing Panel or the CRO, as applicable, may consider a party's inability to pay in connection with the imposition of monetary sanctions.]

[Rule 17.12. Service of Notice

Any charges, notices or other documents may be served upon the Respondent either personally or by leaving the same at the Respondent's place of business or by deposit in the United States post office, postage prepaid via registered or certified mail addressed to the Respondent at the Respondent's address as it appears on the books and records of the Exchange. If service is made by registered or certified mail, three days shall be added to the prescribed period for response.]

[Rule 17.13. Extension of Time Limits

Any time limits imposed under this Chapter for the submission of answers, petitions or other materials may be extended by permission of the authority at the Exchange to or by whom such materials are to be submitted.]

[Rule 17.14. Reporting to the Central Registration Depository

The Exchange shall report to the Central Registration Depository ("CRD") the following information concerning formal Exchange disciplinary proceedings: (i) the issuance of a

statement of charges pursuant to Exchange Rule 17.4(b) and (ii) all significant changes in the status of such proceedings while such proceedings are pending.

. . . Interpretations and Policies:

.01 For the purposes of this Rule:

(i) A formal Exchange disciplinary proceeding shall be considered to be pending from the time that a statement of charges is issued in such proceeding pursuant to Exchange Rule 17.4(b) until the outcome of the proceeding becomes final.

(ii) An Exchange disciplinary proceeding shall be considered to be a formal disciplinary proceeding if it is initiated by the Exchange pursuant to Exchange Rule 17.2 et seq.

(iii) Significant changes in the status of a formal Exchange disciplinary proceeding shall include, but not be limited to, the scheduling of a disciplinary hearing, the issuance of a decision by the Hearing Panel or CRO, as applicable, the filing of an appeal to the Board of Directors of the Exchange, and the issuance of a decision by the Board of Directors of the Exchange.]

[Rule 17.15. *Ex Parte* Communications

(a) Unless on notice and opportunity for all parties to participate:

(1) No Trading Permit Holder, person associated with a Trading Permit Holder or Exchange staff member shall make or knowingly cause to be made an ex parte communication relevant to the merits of a proceeding with any member of the Hearing Panel, Business Conduct Committee, Board or committee of the Board who is participating in a decision with respect to that proceeding (an “Adjudicator”); and

(2) No Adjudicator shall make or knowingly cause to be made an ex parte communication with any Trading Permit Holder, person associated with a Trading Permit Holder or Exchange staff member relevant to the merits of that proceeding.

(b) An Adjudicator who receives, makes, or knowingly causes to be made a communication prohibited by this Rule shall place in the record of the proceeding:

(1) all such written communications;

(2) memoranda stating the substance of all such oral communications;
and

(3) all written responses and memoranda stating the substance of all oral responses to all such communications.

(c) If a prohibited ex parte communication has occurred, the Board or a committee of the Board may take whatever action it deems appropriate in the interests of justice, the policies underlying the Act, and the Exchange By-Laws and Rules, including dismissal or denial of the offending party's interest or claim. All participants to a proceeding may respond to any allegations or contentions contained in a prohibited ex parte communication placed in the record. Such responses shall be placed in the record.

(d) The prohibitions of this Rule shall apply beginning with the initiation of an investigation as provided in Rule 17.2(a), unless the person responsible for the communication has knowledge that the investigation shall be initiated, in which case the prohibitions shall apply beginning at the time of his or her acquisition of such knowledge.

(e) "Ex parte communication" means an oral or written communication made without notice to all parties, that is, Regulatory staff and Subjects of investigations or Respondents in proceedings. A written communication is ex parte unless a copy has been previously or simultaneously delivered to all interested parties. An oral communication is ex parte unless it is made in the presence of all interested parties except those who, on adequate prior notice, declined to be present.

(f) No violation of Rule 17.6(e) shall be deemed to occur if the ex parte communication deals solely with procedural matters rather than the merits of the investigation or proceeding.

(g) No person shall be deemed to violate this Rule if they refuse an attempted communication concerning the merits of an investigation or proceeding as soon as it becomes apparent that the communication concerns the merits. In order for this paragraph (g) to apply, the person refusing the attempted communication must promptly notify the Regulatory staff about the attempted communication and how the person responded to it. The Regulatory staff shall memorialize this information in the regulatory record of the investigation or disciplinary proceeding.]

[Rule 17.50. Imposition of Fines for Minor Rule Violations

(a) In lieu of commencing a disciplinary proceeding pursuant to Exchange Rule 17.2 et seq., the Exchange may, subject to the requirements set forth herein, impose a fine, not to exceed \$5,000, on any Trading Permit Holder or person associated with or employed by a Trading Permit Holder with respect to any rule violation listed in section (g) of this Rule. For purposes of imposing fines pursuant to Rule 17.50(g)(4) and (g)(5), the Exchange may aggregate individual violations of particular rules and treat such violations as a single offense, provided that such aggregation is based upon a comprehensive automated surveillance program. In other instances, the Exchange may, if no exceptional circumstances are present, impose a fine based upon a determination that there exists a pattern or practice of violative conduct. The Exchange also may aggregate similar violations generally if the conduct was unintentional, there was no injury to public investors, or the violations resulted from a single systemic problem or cause that has been corrected. Any fine imposed pursuant to this Rule that (i) does not exceed \$2,500 and (ii) is not contested, shall be reported by the Exchange to the Securities and

Exchange Commission (“SEC”) on a periodic, rather than a current, basis, except as may otherwise be required by Exchange Act Rule 19d-1 and by any other regulatory authority.

(b) In any action taken by the Exchange pursuant to this Rule, any person against whom a fine is imposed shall be served, as provided in Exchange Rule 17.12, with a written statement, prepared by the Exchange, setting forth: (i) the rule(s) allegedly violated; (ii) the act or omission constituting each such violation; (iii) the fine imposed for each violation; and (iv) the date by which such determination becomes final and such fine must be paid or contested as provided below, which date shall be not less than thirty (30) days after the date of service of such written statement. The issuance of a fine, a Trading Permit Holder’s failure to contest the fine, or a Trading Permit Holder’s submission and/or the Exchange’s acceptance of an offer of settlement in accordance with the provisions of Rule 17.50 do not constitute an admission.

(c)

(1) Any person against whom a fine is imposed pursuant to section (g) of this Rule may contest the Exchange’s determination by filing with the Office of the Secretary of the Exchange, on or before the date specified pursuant to subsection (b)(iv) of this Rule, a written answer as provided in Exchange Rule 17.5, at which point the matter shall become subject to review by a Hearing Panel. The filing must include a request for a hearing, if a hearing is desired. Hearings will be conducted in accordance with the provisions of Exchange Rule 17.6. If a hearing is not requested, the review will be based on written submissions and will be conducted in a manner to be determined by a Hearing Panel.

(2) If after a hearing or review based on written submissions pursuant to subsection (c)(1) of this Rule the Hearing Panel determines that the conduct serving as the basis for the action under review is in violation of the rule charged, the Hearing Panel (i) may impose any one or more of the disciplinary sanctions authorized by the Exchange’s Bylaws and Rules and (ii) shall impose a forum fee against the person charged in the amount of one hundred dollars (\$100) if the determination was reached without a hearing, or in the amount of three hundred dollars (\$300) if a hearing was conducted. However, notwithstanding the foregoing, in the event that the Hearing Panel determines that the person charged has been found to have committed one or more rule violations and the sole disciplinary sanction imposed by the Hearing Panel for such rule violation(s) is a fine which is less than the total fine initially imposed by the Exchange pursuant to this Rule, the Hearing Panel shall have the discretion to waive the imposition of a forum fee.

(3) The committee or department of the Exchange that commenced the action under this Rule, the person charged, and the Board of Directors of the Exchange may require a review by the Board of any determination by a Hearing Panel under this Rule by proceeding in the manner described in Exchange Rule 17.10. For the purposes of such an appeal by the committee or department of the Exchange that commenced the action under this Rule, such committee or

department of the Exchange shall have the same rights a Respondent under Exchange Rule 17.10.

(4) In the event that a fine imposed pursuant to this Rule is subsequently upheld by a Hearing Panel or, if applicable, on appeal, such fine, plus all interest that has accrued thereon since the date specified pursuant to subsection (b)(iv) of this Rule, and any forum fee imposed hereunder, shall be immediately due and payable.

(d) Reserved.

(e) Fines imposed pursuant to this Rule shall be billed to the Clearing Trading Permit Holder previously designated by the person fined pursuant to Exchange Rule 3.23. Fines billed to a Clearing Trading Permit Holder shall be collected by the Exchange by drafting the appropriate Clearing Trading Permit Holder's account at the Clearing Corporation. The amount of such fine shall be an obligation payable to the Exchange by the billed Clearing Trading Permit Holder regardless of whether the Clearing Trading Permit Holder actually collected the fine from the person against whom the fine was imposed; provided that, if as of the billing date, (i) the person against whom the fine was imposed does not have an active account with the billed Clearing Trading Permit Holder, or (ii) the equity in such person's account with that Clearing Trading Permit Holder is less than the amount of the fine, and the Clearing Trading Permit Holder notifies the Exchange in writing within fifteen (15) days after the billing date that the condition described in subsection (i) or (ii) hereof exists, the Exchange shall bill such person directly. In the event that the person against whom the fine is imposed contests the fine within the time period specified pursuant to this Rule, but after the fine has been collected pursuant to this section (e), the Exchange shall promptly refund to the applicable Clearing Trading Permit Holder's account the amount collected.

(f) The Exchange shall issue regulatory circulars to the Trading Permit Holders from time to time listing the Exchange Bylaws and rule provisions as to which the Exchange may impose fines as provided by this Rule. Such list shall indicate the specific dollar amount that may be imposed as a fine hereunder with respect to any violation of any such rule. The fines authorized below for violations of a first or second offense may be imposed in the case of a first or second offense if warranted under the circumstances. Nothing in this Rule shall require the Exchange to impose a fine pursuant to this Rule with respect to the violation of any rule included in any such listing. In addition, the Exchange may, whenever it determines that any violation is intentional, egregious, or otherwise not minor in nature, proceed under the Exchange's formal disciplinary rules as set forth in Exchange Rule 17.2 et seq., rather than under this Rule.

(g) The following is a list of the rule violations subject to, and the applicable fines that may be imposed by the Exchange pursuant to, this Rule:

(1) Violation of position and exercise limit rules. (Rule 4.11 and Rule 4.12)

* A violation that consists of (i) a 1 trade date overage, (ii) a consecutive string of trade date overage violations where the position does not change or where a steady reduction in the overage occurs, or (iii) a consecutive string of trade date overage violations resulting from other mitigating circumstances, may be deemed to constitute one offense, provided that the violations are inadvertent.

Number of Cumulative Violations In Any Twenty-Four (24) Month Rolling Period *	Fine Amount (imposed on Exchange TPH organization or violations occurring in all other accounts)
First Offense	\$500
Second Offense	\$1,000
Third Offense	\$2,500
Fourth and Each Subsequent Offense	\$5,000

(2) Failure to file Focus reports in a timely manner. (Rule 15.5)

Each Trading Permit Holder shall file with the Exchange a report of financial condition on SEC Form X-17A-5 as required by Exchange Act Rules 17a-5 and 17a-10. Any Trading Permit Holder who fails to file in a timely manner such report of financial condition pursuant to Exchange Act Rules 17a-5 or 17a-10 shall be subject to the following fines:

Days Late	Sanction
1 – 30	\$200
31 – 60	\$400
61 +	\$800

(3) Failure to respond in a timely manner to a request for automated submission of trading data (“Blue Sheets”). (Rule 15.7)

Any Trading Permit Holder who fails to respond within ten (10) days to a request by the Exchange for submission of Blue Sheets shall be subject to the following fines:

Number of Violations in Any Twenty-Four Month Period	Fine Amount
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1 st Offense	\$2,500
Subsequent Offenses	\$5,000

(4) Failure to Submit Trade Information on Time and Failure to Submit Trade Information to the Price Reporter. (Rule 6.51)

A fine shall be imposed upon a Market-Maker or Floor Broker who fails to submit trade information in accordance with Rule 6.51. Such fines shall be imposed on the basis of the following schedule:

* For purposes of this Rule 17.50(g)(4), an "offense" is defined as an instance in which a pattern or practice of late reporting or failure to report without exceptional circumstances has been determined.

Number of Offenses * in Any Rolling Twenty-Four Month Period	Fine Amount
1 st Offense	\$1,000 - \$2,500
2 nd Offense	\$2,000 - \$5,000
Subsequent Offenses	\$5,000

* A violation that consists of (i) a 1 trade date overage, (ii) a consecutive string of trade date overage violations where the position does not change or where a steady reduction in the overage occurs, or (iii) a consecutive string of trade date overage violations resulting from other mitigating circumstances, may be deemed to constitute one offense, provided that the violations are inadvertent.

(5) A fine shall be imposed upon a Market-Maker or Floor Broker in accordance with the fine schedule set forth below for the following conduct ¹:

- Failure to honor the firm quote requirements of Rule 8.51;
- Failure to honor the priority of marketable priority customer orders pursuant to Rule 6.45; and
- Failure to use due diligence in the execution of orders for which the floor Trading Permit Holder maintains an agency obligation pursuant to Rule 6.73.

Number of Offenses In Any Rolling Twenty-Four Month "Look-Back" Period	Fine Amount
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1 st Offense	\$500 - \$1,500
2 nd Offense	\$1,000 - \$3,000
3 rd Offense	\$2,000 - \$5,000
Subsequent Offenses	\$3,500 - \$5,000

(6) Violations of Trading Conduct and Decorum Policies. (Rule 6.20)

The Exchange's trading conduct and decorum policies shall be distributed to the Trading Permit Holders periodically and shall set forth the specific dollar amounts that may be imposed as a fine hereunder with respect to any violations of those policies. If warranted under the circumstances in the view of two Floor Officials, the fine authorized under those policies for a second, third or subsequent offense may be imposed for a first offense and the fine authorized for a third or subsequent offense may be imposed for a second offense.

(7) Failure to Submit Trade Data on Trade Date ("As of Adds"). (Rule 6.51)

(a) Any individual Trading Permit Holder who fails for more than 5% of the Trading Permit Holder's transactions in any month to submit on the date that a transaction is executed the trade information required by Rule 6.51 shall be subject to the following fines:

Number of Violations In Any Twenty-Four Month Period	Fine Amount
1 st Offense	Letter of Information
2 nd Offense	Letter of Caution
3 rd Offense	\$500
Subsequent Offenses	\$1,000

(b) Under unusual circumstances affecting the ability of a significant number of Trading Permit Holders to submit trade information to the Exchange on a timely basis, the Exchange may suspend application of subsection (g)(7)(a) of this Rule for a period not to exceed seven (7) calendar days at any one time (which may be extended by subsequent suspensions implemented in each case in accordance with the procedures required by this subsection). Such a suspension

order, which may be retroactive, shall be in writing and state the reasons therefor. It shall be communicated to the Trading Permit Holders by Exchange publication, which may be issued after the effective date and shall be kept on record by the Secretary of the Exchange.

(8) Violations of Exercise and Exercise Advice Rules for Noncash-Settled Equity Options (Rule 11.1)

Any Trading Permit Holder who fails to submit to the Exchange in a timely manner pursuant to Rule 11.1 or a Regulatory Circular issued pursuant to Rule 11.1, "Advice Cancel", or exercise instruction relating to the exercise or nonexercise of a noncash-settled equity option shall be subject to the following fines:

Number of Violations in in Any Rolling Twenty- Four Month Period	Individual Fine Amount	Member Organization Fine Amount
1 st Offense	\$500	\$1,000
2 nd Offense	\$1,000	\$2,5000
Subsequent Offenses	\$2,5000	\$5,000

(9) Violations of Exercise and Exercise Advice Rules for American-Style, Cash-Settled Index Options (Rule 11.1, Interpretation and Policy .03)

A Trading Permit Holder shall be subject to the fines listed below if the Trading Permit Holder commits any of the following violations of Rule 11.1, Interpretation and Policy .03 with respect to an American-style, cash-settled index option: failure to submit an Exercise Advice; the submission of an advice and no subsequent exercise; the submission of an Exercise Advice after the designated cut-off time; the submission of an Exercise Advice for an amount different than the amount exercised; and the time-stamping of an advice or exercise instruction memorandum prior to purchasing contracts.

Number of Violations in Any Twenty-Four Month Period	Fine Amount
1 st Offense	\$500
2 nd Offense	\$1,000
3 rd Offense	\$2,500
Subsequent Offenses	\$5,000

(10) Communications to the Exchange or the Clearing Corporation
(Rule 4.22)

A fine shall be imposed upon a Trading Permit Holder, person associated with a Trading Permit Holder or applicant for Trading Permit Holder, as applicable, who violates Rule 4.22. Such fines shall be imposed on the basis of the following schedule:

Number of Offenses in any Rolling Twenty-Four Month Period	Fine Amount
1 st Offense	\$500
2 nd Offense	\$1,000
Subsequent Offenses	\$2,500

(11) Trading in Restricted Classes (Rule 5.4)

A fine shall be imposed upon a Trading Permit Holder and/or person associated with a Trading Permit Holder, as applicable, who enters into an opening transaction in a restricted class in violation of Exchange Rule 5.4: Such fines shall be imposed on the basis of the following schedule:

Number of Offenses in any Rolling Twenty-Four Month Period	Fine Amount
1 st Offense	\$500
2 nd Offense	\$2,500
Subsequent Offenses	\$5,000

(12) Order Protection Violations (Rule 6.81)

A fine shall be imposed upon a Trading Permit Holder and/or person associated with a Trading Permit Holder, as applicable, who engages in a pattern or practice of trading through better prices available on other exchanges, unless one or more of the exceptions set forth in Rule 6.81(b) apply. Such fines shall be imposed on the basis of the following schedule:

Number of Offenses in any Rolling Twenty-Four Month Period	Fine Amount
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1 st Offense	\$500 to \$1,000
2 nd Offense	\$1,000 to \$2,000
Subsequent Offenses	\$2,500 to \$5,000 and a Staff Interview

(13) Locked or Crossed Market Violations (Rule 6.82)

A fine shall be imposed upon a Trading Permit Holder and/or person associated with a Trading Permit Holder, as applicable, who engages in a pattern or practice of locking or crossing a market in violation of Rule 6.82. Such fines shall be imposed on the basis of the following schedule:

Number of Offenses in any Rolling Twenty-Four Month Period	Fine Amount
1 st Offense	\$500 to \$1,000
2 nd Offense	\$1,000 to \$2,000
Subsequent Offenses	\$2,500 to \$5,000 and a Staff Interview

(14) Failure to Meet Exchange Quoting Obligations

A fine shall be imposed upon a Market-Maker, Designated Primary Market-Maker or Lead Market Maker (as applicable) in accordance with the fine schedule set forth below for the following conduct:

- Failure to meet the continuous quoting obligation (Rule 8.7, 8.15, and 8.85);
- Failure to meet the applicable quote width requirements (Rule 8.7);
- Failure to meet the initial quote volume requirements (Rule 8.7); and
- Failure of a Lead Market-Maker or Designated Primary Market-Maker to enter opening quotes within one minute following the initiation of an opening rotation (e.g. 8:31 a.m. (CT)) in a series in its appointed or allocated class, respectively, that is not open due to the lack of a quote (see Rule 6.2(d)(i)(A) or (ii)(A), as applicable) (Rules 8.15 and 8.85), respectively.

Number of Offenses in any Rolling Twenty-Four Month Period	Fine Amount
1 st Offense	\$2,000 - \$4,000
Subsequent Offenses	\$4,000 - \$5,000

(15) Failure to Accurately Report Position and Account Information
(Rule 4.13)

A fine shall be imposed upon a Trading Permit Holder who violates Rule 4.13. Such fines shall be imposed on the basis of the following schedule:

Number of Offenses in any Rolling Twenty-Four Month Period	Fine Amount
1 st Offense	\$500
2nd Offense	\$1,000
3rd Offense	\$2,500
Subsequent Offenses	\$5,000

(16) Failure to Provide Prior Capital Withdrawal Notice (Rule 15c3-1(e) under the Securities Exchange Act of 1934)

A fine shall be imposed upon a Trading Permit Holder who fails to provide prior notification of capital withdrawal in accordance with Rule 15c3-1(e) under the Securities Exchange Act of 1934. Such fines shall be imposed on the basis of the following schedule:

Number of Offenses in any Rolling Twenty-Four Month Period	Fine Amount
1 st Offense	\$2,500
Subsequent Offenses	\$5,000

(17) Failure to Provide Post Capital Withdrawal Notice (Rule 15c3-1(e) under the Securities Exchange Act of 1934)

A fine shall be imposed upon a Trading Permit Holder who fails to provide notification following a capital withdrawal in accordance with Rule 15c3-1(e) under the Securities Exchange Act of 1934. Such fines shall be imposed on the basis of the following schedule:

Number of Offenses in any Rolling Twenty-Four Month Period	Fine Amount
1 st Offense	\$1,000
Subsequent Offenses	\$2,500

(18) Failure to Designate a Person or Persons Responsible for Implementing and Monitoring a Trading Permit Holder's Anti-Money Laundering Compliance Program (Rule 4.20)

A fine shall be imposed upon a Trading Permit Holder who fails to designate and identify to the Exchange a person or persons responsible for implementing and monitoring the day-to-day operations and internal controls of the Trading Permit Holder's Anti-Money Laundering Compliance Program and/or who fails to provide prompt notification to the Exchange regarding any change in such designation in violation of Rule 4.20:

Number of Offenses in any Rolling Twenty-Four Month Period	Fine Amount
1 st Offense	\$1,000
Subsequent Offenses	\$2,500

(19) Failure to Conduct or Participate in Mandatory Systems Testing (Rule 6.23A(e)) A fine shall be imposed upon a Trading Permit Holder who fails to conduct or participate in the testing of computer systems or fails to provide required reports or maintain required documentation in violation of Rule 6.23A(e). Such fines shall be imposed on the basis of the following schedule:

Number of Offenses in One Calendar Year	Fine Amount
1 st Offense	\$250
2nd Offense	\$500
3 rd Offense	\$1,000

Subsequent Offenses	\$2,000
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. . . Interpretations and Policies:

.01 Any Trading Permit Holder who is issued a summary fine notice for the same conduct covered in sub-paragraph (g)(5) that meets one of the levels below shall have the opportunity to submit one written offer of settlement to the CRO in accordance with the provisions of Rule 17.8(a)—Submission of Offer, provided, however, that the Interpretation and Policies to Rule 17.8 shall not apply to an offer made hereunder and the Trading Permit Holder must submit the offer within 30 days of the date of service of the written notice informing the Trading Permit Holder of the fine(s) imposed. The Trading Permit Holder may also appear once before the CRO to make an oral statement in support of the offer. In considering an offer of settlement, the CRO shall consider the Principal Considerations in Determining Sanctions as set forth in Interpretation and Policy .01 of Rule 17.11. A Trading Permit Holder may make one offer:

- 1) When the summary fine amount would be greater than \$2,500 but not more than \$5,000 for a single offense, regardless of whether the single offense is the result of one violation or multiple violations aggregated; or
- 2) When the total fine for multiple offenses, would be greater than \$10,000 in the aggregate and not more than \$5,000 for any single offense, again regardless of whether any single offense is the result of one violation or multiple violations aggregated.

A decision of the CRO accepting an offer of settlement hereunder shall be reported on a current basis pursuant to Rule 19d-1 under the Securities Exchange Act of 1934. The Trading Permit Holder shall report a decision accepting an offer of settlement on the Trading Permit Holder’s broker-dealer and Form U-4 (uniform application for securities industry registration or transfer) forms as a decision in a contested Exchange disciplinary proceeding.

.02

(a) The Exchange shall attempt to serve Trading Permit Holders fined pursuant to subsection (g)(4) of this Rule with a written statement in accordance with section (b) of this Rule within the month immediately following the month in which the violations were alleged to have occurred. Such Trading Permit Holders may, within fifteen (15) days after such service was effected, request verification of the fine by the Exchange.

(b) Notwithstanding the provisions of Interpretation and Policy .02 (a) above, there shall be a cap on the number of transactions during a particular month with respect to which a Trading Permit Holder fined pursuant to subsection (g)(4) of this Rule may request verification. Such cap shall be imposed pursuant to the following schedule:

Number of Offenses Within a Rolling Twenty-Four Month Period	Maximum Number of Transactions During a Particular Month With Respect to Which
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	Verification May Be Requested
1 – 2	No Limit
3+	The greater of (i) 50 transactions or (ii) 10% of the number of transactions deemed not to be in compliance with Rule 17.50(g) (4)

(c) The Exchange shall attempt to serve Trading Permit Holders fined pursuant to subsection (g)(7) of this Rule with a written statement in accordance with section (b) of this Rule on or before the tenth (10th) day of the month immediately following the month in which the violations were alleged to have occurred. Such Trading Permit Holders may, on or before the twenty-fifth (25th) day of the month in which such service was effected, request verification of the fine by the Exchange.

(d) Verification requests pursuant to sections (a) and (c) of this Interpretation and Policy .02 shall be made in the manner and form required by the Exchange, and shall deal solely with factual issues. Exchange employees shall verify the accuracy of the fine for which a request for verification has been made and determine whether the fine should remain as imposed or should be modified or eliminated. During the verification process, the Exchange may require or permit the Trading Permit Holder requesting verification to produce substantiating evidence or other information within ten (10) days after notice of that deadline is sent to such Trading Permit Holder. The Trading Permit Holder requesting verification shall have the burden of producing such evidence or information. Notice of the determination shall be given in writing to the Trading Permit Holder requesting verification. For purposes of sections (c) and (d) of this Rule, a Trading Permit Holder filing a request for verification may contest the fine subject to verification within thirty (30) days after the date the Exchange sent such Trading Permit Holder notice of the determination.

.03 Any fine imposed pursuant to subsection (g)(6) that (i) does not exceed \$1,000 and (ii) is not contested, shall not be reported by the Exchange to the SEC, except as may otherwise be required by Exchange Act Rule 19d-1 and by any other regulatory authority.

¹ Minor Rule Violation fines imposed under this provision may be issued by Exchange Floor Officials.]

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EXHIBIT 5B

(additions are underlined; deletions are [bracketed])

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Rules of Cboe Exchange, Inc.

(Effective October 7, 2019)

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Rule 13.1. Disciplinary Jurisdiction

(a) A Trading Permit Holder or a person associated with a Trading Permit Holder (the “Respondent”) who is alleged to have violated or aided and abetted a violation of any provision of the Exchange Act, the Rules, or the Bylaws, or any interpretation thereof or resolution of the Board of the Exchange regulating the conduct of business on the Exchange shall be subject to the disciplinary jurisdiction of the Exchange under this Chapter, and after notice and opportunity for a hearing may be appropriately disciplined by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, being suspended or barred from being associated with a Trading Permit Holder, suspension or revocation of one or more of the Respondent’s Trading Permits or any other fitting sanction, in accordance with provisions of the Chapter.

An individual Trading Permit Holder, nominee or other person associated with a TPH organization may be charged with any violation committed by employees under his supervision or by the TPH organization with which he is associated, as though such violation were his own. A TPH organization may be charged with any violation committed by its employees or by a Trading Permit Holder or other person who is associated with such TPH organization, as though such violation were its own.

(b) Any Trading Permit Holder or person associated with a Trading Permit Holder shall continue to be subject to the disciplinary jurisdiction of the Exchange following such person’s termination as a Trading Permit Holder or associated person with respect to matters that occurred prior to such termination or with respect to the failure to honor an arbitration award pursuant to Chapter 14 of the Rules; provided that written notice of the commencement of an inquiry into such matters is given by the Exchange to such former Trading Permit Holder or former associated person within one year of receipt by the Exchange or such other exchange or association recognized for purposes of Rule 3.37 of the latest written notice of the termination of such person’s status as a Trading Permit Holder or person associated with a Trading Permit Holder. The foregoing notice requirement does not apply to a person who at any time after a termination again subjects himself to the disciplinary jurisdiction of the Exchange by becoming a Trading Permit Holder or a person associated with a Trading Permit Holder.

Interpretations and Policies

.01 A summary suspension or other action taken pursuant to Chapter 12 of the Rules shall not be deemed to be disciplinary action under this Chapter, and the provisions of this Chapter shall not be applicable to such action.

.02 The notice requirement in paragraph (b) of this Rule shall not apply in instances where the Exchange seeks to act under this Chapter 13 with respect to a former Trading Permit Holder or person associated with a Trading Permit Holder for the failure to honor an arbitration award pursuant to Chapter 14 of the Rules.

Rule 13.2. Complaint and Investigation

(a) *Initiation of Investigation.* The Regulatory staff, and any successor thereto, shall investigate or examine possible violations within the disciplinary jurisdiction of the Exchange whenever the Regulatory staff determines in its sole discretion there is a reasonable basis for it to do so. The Regulatory staff shall also determine in its discretion whether to investigate or examine any complaint it receives alleging possible violations within the disciplinary jurisdiction of the Exchange, provided such complaint specifies in reasonable detail the facts constituting the violation. Complaints, written or oral, may be submitted by any person or entity, including the Board, Exchange employees, and Trading Permit Holders (the “Complainant”).

(b) *Requirement to Furnish Information.* Each Trading Permit Holder and person associated with a Trading Permit Holder shall be obligated upon request by the Exchange to appear and testify, and to respond in writing to interrogatories and furnish documentary materials and other information requested by the Exchange in connection with (1) an investigation initiated pursuant to paragraph (a) of this Rule, (2) a hearing or appeal conducted pursuant to this Chapter or preparation by the Exchange in anticipation of such a hearing or appeal, or (3) an Exchange inquiry resulting from an agreement entered into by the Exchange pursuant to Rule 7.9. No Trading Permit Holder or person associated with a Trading Permit Holder shall impede or delay an Exchange investigation or proceeding conducted pursuant to this Chapter or an Exchange inquiry pursuant to Rule 7.9 nor refuse to comply with a request made by the Exchange pursuant to this paragraph. A Trading Permit Holder or person associated with a Trading Permit Holder is entitled to be represented by counsel during any such Exchange investigation, proceeding or inquiry.

(c) *Report.* Regulatory staff shall have the sole discretion to determine whether to request that the Chief Regulatory Officer (“CRO”) authorize the issuance of a statement of charges pursuant to Rule 13.4. In every instance where an investigation has been instituted as a result of a complaint, and in every other instance where an investigation results in the Regulatory staff finding that there are reasonable grounds to believe that a violation has been committed and a formal regulatory action (i.e., a Statement of Charges) is warranted, the Regulatory staff shall submit a written report of its investigation to the CRO. In those instances where an investigation results in the Regulatory staff finding that there are reasonable grounds to believe that a violation has been committed but non-formal regulatory action (i.e., a Letter of Information, a Letter of Caution or a Staff Interview) is warranted in lieu of the issuance of a statement of charges, the Regulatory staff may in its sole discretion determine to impose such non-formal regulatory action without the submission of a written report of its investigation to the CRO. In the event the Regulatory staff finds that there are not reasonable grounds to believe that a violation has been committed,

the Regulatory staff may in its sole discretion determine to close the investigation (i.e., File Without Action) without the submission of a written report of its investigation to the CRO.

(d) Notice, Statement and Access. Prior to submitting its report, the Regulatory staff shall notify the person(s) who is the subject of the report (hereinafter Subject) of the general nature of the allegations and of the specific provisions of the Exchange Act, rules and regulations promulgated thereunder, Bylaws or Rules of the Exchange or any interpretation thereof or any resolution of the Board regulating the conduct of business on the Exchange, that appear to have been violated. Except when the CRO determines that expeditious action is required, a Subject shall have 25 days from the date of the notification described above to submit a written statement to the CRO concerning why no disciplinary action should be taken. To assist a Subject in preparing such a written statement, the Subject shall have access to any documents and other materials in the investigative file of the Exchange that were furnished by the Subject or the Subject's agents. The 25-day period to submit a written statement shall toll while any request for access to the investigative file pursuant to this section is pending.

Interpretations and Policies

.01 Failure to furnish testimony, documentary evidence or other information requested by the Regulatory staff in the course of an Exchange inquiry, investigation, hearing or appeal conducted pursuant to this Chapter or in the course of preparation by the Regulatory staff in anticipation of such a hearing or appeal on the date or within the time period the Exchange specifies shall be deemed to be a violation of Rule 13.2.

.02 In lieu of, or in addition to, submitting a written statement concerning why no disciplinary action should be taken as permitted by paragraph (d) of this Rule, the Subject may submit a statement in the form of a videotaped response. Except when the CRO determines that expeditious action is required, the Subject shall have 25 days from the date of the notification described in paragraph (d) to submit the videotaped response. Videotaped responses shall not exceed 12 minutes and must be accompanied by a written transcript of the response.

.03 To assist the Regulatory staff in investigating possible violations within the Exchange's disciplinary jurisdiction, Complainants should sign written complaints or identify themselves when making oral complaints pursuant to paragraph (a) of this Rule, and also identify the specific statutes, Bylaws, rules, interpretations or resolutions that allegedly were violated.

.04 In addition to the existing obligation under Exchange rules regarding the production of books and records, each TPH or TPH organization shall furnish upon request, in the manner and standard electronic format prescribed by the Exchange, data concerning orders, transactions, and positions, including related hedges and offsets, in relation to a regulatory review conducted by the Regulatory staff.

.05 References to "Regulatory staff" in Chapter 13 mean the Exchange's employees in the Regulatory Division, and, as applicable, may also mean employees of FINRA who are performing regulatory services to the Exchange in accordance with the regulatory services agreement entered into between the Exchange and FINRA.

Rule 13.3. Expedited Proceeding

Upon receipt of the notification required by Rule 13.2(d), a Subject may seek to dispose of the matter through a letter of consent signed by the Subject. If a Subject desires to attempt to dispose of the matter through a letter of consent, the Subject must submit to the Regulatory staff within 25 days from the date of the notification required by Rule 13.2(d) a written notice electing to proceed in an expedited manner pursuant to this Rule 13.3. The Subject must then endeavor to reach agreement with the Regulatory staff upon a letter of consent which is acceptable to the Regulatory staff and which sets forth a stipulation of facts and findings concerning the Subject's conduct, the violation(s) committed by the Subject and the sanction(s) therefor. The matter can only be disposed of through a letter of consent if the Regulatory staff and the Subject are able to agree upon terms of a letter of consent which are acceptable to the staff and the letter is signed by the Subject. At any point in the negotiations regarding a letter of consent, either the Regulatory staff may deliver to the Subject or the Subject may deliver to the staff a written declaration of an end to the negotiations. On delivery of such a declaration the Subject will then have 25 days to submit a written statement pursuant to Rule 13.2(d) and thereafter the Regulatory staff may bring the matter to the CRO for appropriate action. In the event that the Subject and the Regulatory staff are able to agree upon a letter of consent which is acceptable to the Regulatory staff, the Regulatory staff shall submit the letter of consent to the CRO. If the letter of consent is accepted by the CRO, the Exchange shall adopt the letter of consent as its decision and no further action shall be taken against the Subject respecting the matters that are the subject of the letter of consent. If the letter of consent is rejected by the CRO, the matter shall proceed as though the letter of consent had not been submitted. The CRO's decision to accept or reject a letter of consent shall be final, and a Subject may not seek review thereof.

Rule 13.4. Charges

(a) *Determination Not to Initiate Charges.* In those cases where notice has been provided pursuant to Rule 13.2(d) and whenever it shall appear to the CRO from the report of the Regulatory staff that no probable cause exists for finding a violation within the disciplinary jurisdiction of the Exchange, or if the CRO otherwise determines that no further action is warranted, the CRO shall direct the Regulatory staff to prepare and issue a written statement to that effect setting forth the CRO's reasons for such finding, which shall be sent to the Subject and the Complainant, if any.

(b) *Initiation of Charges.* Whenever it shall appear to the CRO from the report of the Regulatory staff that there is probable cause for finding a violation within the disciplinary jurisdiction of the Exchange and that further proceedings are warranted, the CRO shall direct the Regulatory staff to prepare and issue a statement of charges against the person or organization alleged to have committed a violation (the "Respondent") specifying the acts in which the Respondent is charged to have engaged and setting forth the specific provisions of the Securities Exchange Act of 1934, as amended, rules and regulations promulgated thereunder, Bylaws, rules, interpretations or resolutions of which such acts are in violation. A copy of the charges shall be served upon the Respondent in accordance with Rule 13.12. The Complainant, if any, shall be notified if further proceedings are warranted.

(c) Access to Documents. Provided that a Respondent has made a written request for access to documents within 25 days after a statement of charges has been served upon the Respondent in accordance with Rule 13.12, the Respondent shall have access to all documents concerning the case that are in the investigative file of the Exchange except for Regulatory staff investigation and examination reports and materials prepared by the Regulatory staff in connection with such reports or in anticipation of a disciplinary hearing. In providing such documents, the Regulatory staff may protect the identity of a Complainant.

Rule 13.5. Answer

The Respondent shall have 25 days after service of the charges to file a written answer thereto. The answer shall specifically admit or deny each allegation contained in the charges, and the Respondent shall be deemed to have admitted any allegation not specifically denied. The answer may also contain any defense which the Respondent wishes to submit and may be accompanied by documents in support of the Respondent's answer or defense. In the event the Respondent fails to file an answer, the charges shall be considered to be admitted. The 25-day period to submit a written answer shall toll while any request for access to the investigative file pursuant to Rule 13.4(c) is pending.

Rule 13.6. Hearing

(a) Participants. Subject to Rule 13.7 of this Chapter concerning summary proceedings, a hearing on the charges shall be held before a panel of either three or five members of the Business Conduct Committee ("BCC") selected by the Chairperson of the BCC. The selected members of the BCC shall exercise the authority of the BCC in respect of matters pertaining to the hearing and for purposes of this Chapter shall be referred to as the "Hearing Panel." The Exchange and the Respondent shall be the parties to the hearing. Where a TPH organization is a party, it shall be represented by one of the TPH organization's nominees at the hearing. BCC Counsel may assist the Hearing Panel in preparing its written recommendations or judgments.

(1) Impartiality of Hearing Panel Members. When any member of the Hearing Panel considers a disciplinary matter they are expected to function impartially and independently of the staff members who prepared and prosecuted the charges. If at any time a member of the Hearing Panel determines that they have a conflict of interest or bias or circumstances otherwise exist where their fairness might reasonably be questioned, the applicable member of the Hearing Panel shall notify the Chairperson of the BCC who shall issue and serve on the Parties a notice stating that the Hearing Panel member has withdrawn from the matter. In the event that a member of a Hearing Panel withdraws, is incapacitated, or otherwise is unable to continue service after being appointed, the Chairperson of the BCC shall appoint a replacement to serve on the Hearing Panel.

(2) Motions for Disqualification. Within 15 days of the appointment of the Hearing Panel, the Respondent may move for disqualification of any member of the Hearing Panel sitting on such Panel based upon bias or conflict of interest. Such motions shall be made in writing and state with specificity the facts and circumstances giving rise to the alleged bias or conflict of interest. The motion papers shall be filed with the Chairperson

of the BCC. The Exchange may file a brief in opposition to the Respondent's motion within 15 days of service thereof.

(3) *Rulings on Motions for Disqualification.* The Hearing Panel, excluding the applicable member of the Hearing Panel at issue, shall rule upon such motion no later than 30 days from filing by the Respondent. Prior adverse rulings against the Respondent or Respondent's attorney in other matters shall not, in and of themselves, constitute grounds for disqualification. If the Hearing Panel believes the Respondent has provided satisfactory evidence in support of the motion to disqualify, the applicable member of the Hearing Panel shall remove themselves and request the Chairperson of the BCC to reassign the hearing to another member of the BCC. If the Hearing Panel determines that the Respondent's grounds for disqualification are insufficient, it shall deny the Respondent's motion for disqualification by setting forth the reasons for the denial in writing and the Hearing Panel will precede with the hearing. The ruling by the Hearing Panel on such motions shall not be subject to interlocutory review.

(b) *Prehearing Procedures.* Parties shall be given at least 15 business days' notice of the time and place of the hearing. Hearings are typically held in Chicago, but, the Hearing Panel may decide to hold a hearing outside of Chicago to accommodate the parties, witnesses, Exchange staff, or the Hearing Panel members. Not less than ten (10) business days in advance of the scheduled hearing date, each party shall furnish to the Hearing Panel and to the other parties copies of all documentary evidence such party intends to present at the hearing and a list containing the names of all witnesses the party intends to present at a hearing. Where time and the nature of the proceeding permit, the parties shall meet in a pre-hearing conference for the purpose of clarifying and simplifying issues and otherwise expediting the proceeding. At such pre-hearing conference, the parties shall attempt to reach agreement respecting authenticity of documents, facts not in dispute, and any other items which will serve to expedite the hearing of the matter. At the request of any party, the Hearing Panel or Hearing Panel Chairperson shall hear and decide all pre-hearing issues not resolved among the parties. Interlocutory Board review of any decision made by the Hearing Panel prior to completion of the hearing is generally prohibited. Such interlocutory review shall be permitted only if the Hearing Panel agrees to such review after determining that the issue is a controlling issue of rule or policy and that immediate Board review would materially advance the ultimate resolution of the case.

(c) *Conduct of Hearing.* The Hearing Panel shall determine all questions concerning the admissibility of evidence and shall otherwise regulate the conduct of the hearing. Formal rules of evidence shall not apply. The charges shall be presented by a representative of the Exchange who, along with Respondent and any other party, may present evidence and produce witnesses who shall testify under oath and are subject to being questioned by the Hearing Panel and the other parties. The Respondent and intervening parties are entitled to be represented by counsel who may participate fully in the hearing. A transcript of the hearing shall be made and shall become part of the record.

(d) *Documents and Witnesses.* The Hearing Panel may request the production of documentary evidence and witnesses. If the Exchange, a Trading Permit Holder, or a person associated with a Trading Permit Holder will not voluntarily produce non-privileged documents or hearing witnesses the Respondent has requested, the Respondent may submit a written request to the

Hearing Panel asking the Hearing Panel to enter an order compelling the production of non-privileged documents by the Exchange, the Trading Permit Holder, or associated person or compelling the testimony of the Trading Permit Holder, associated person, or a person within the Exchange's control. Before entering such order, the Hearing Panel must hear any objections raised by Exchange staff to the issuance of such an order. When deciding whether to issue the requested order, the Hearing Panel shall weigh the probative value of the documents or testimony against considerations such as undue delay, waste of time, confusion, unfair prejudice or needless presentation of cumulative evidence. As a condition to issuing such an order, the Hearing Panel may require the Respondent to pay the costs of complying with the requested order including a witness's travel expenses. No Trading Permit Holder or person associated with a Trading Permit Holder shall refuse to furnish relevant testimony, documentary materials or other information requested or ordered by the Hearing Panel.

Interpretations and Policies

.01 Intervention. Any person not otherwise a party may intervene as a party to the hearing upon demonstrating to the satisfaction of the Hearing Panel that that person has an interest in the subject of the hearing and that the disposition of the matter, may, as a practical matter, impair or impede that person's ability to protect that interest. Also, the Hearing Panel may in its discretion permit a person to intervene as a party to the hearing when the person's claim or defense and the main action have questions of law or fact in common. Any person wishing to intervene as a party to a hearing shall file with the Hearing Panel a notice requesting the right to intervene, stating the grounds therefor, and setting forth the claim or defense for which intervention is sought.

.02 The Hearing Panel, in exercising its discretion concerning intervention shall take into consideration whether the intervention will unduly delay or prejudice the adjudication of the rights of the original parties.

.03 Subject to Rule 13.7, the CRO shall have the authority to direct that a hearing be scheduled at any time, after the period to answer pursuant to Rule 13.5 has elapsed.

Rule 13.7. Summary Proceedings

Notwithstanding the provision of Rule 13.6 of this Chapter, the CRO may make a determination without a hearing and may impose a penalty as to violations which the Respondent has admitted or has failed to answer or which otherwise do not appear to be in dispute. Notice of such summary determination, specifying the violations and penalty, shall be served upon the Respondent, who shall have ten (10) business days from the date of service to notify the CRO that the Respondent desires a hearing upon all or a portion of any charges not previously admitted or upon the penalty. Failure to so notify the CRO shall constitute admission of the violations and acceptance of the penalty as determined by the CRO and a waiver of all rights of review. If the Respondent requests a hearing, the matters which are the subject of the hearing shall be handled as if the summary determination had not been made.

Rule 13.8. Offers of Settlement

(a) Submission of Offer. At any time following the date of service of a statement of charges upon the Respondent in accordance with Rule 13.12, the Respondent may submit to the CRO a written offer of settlement, signed by the Respondent, which shall contain a proposed stipulation of facts and shall consent to a specified sanction. Where the CRO accepts an offer of settlement, the CRO shall issue a decision, including findings and conclusions and imposing a sanction, consistent with the terms of such offer. Where the CRO rejects an offer of settlement, it shall notify the Respondent and the matter shall proceed as if such offer had not been made, and the offer and all documents relating thereto shall not become part of the record. A decision of the CRO issued upon acceptance of an offer of settlement as well as the determination of the CRO whether to accept or reject such an offer shall be final, and the Respondent may not seek review thereof.

(b) Submission of Statement. A Respondent may submit with an offer of settlement a written statement in support of the offer. In addition, if the Regulatory staff will not recommend acceptance of an offer of settlement to the CRO, a Respondent shall be notified and may appear before the CRO to make an oral statement in support of the offer. Finally, if the CRO rejects an offer that the Regulatory staff supports, a Respondent may appear before the CRO to make an oral statement concerning why the Respondent believes the CRO should change the CRO's decision and accept the Respondent's offer. A Respondent must make a request for such an appearance within five (5) days of being notified that the Respondent's offer was rejected or that Regulatory staff will not recommend acceptance.

Interpretations and Policies

.01 Unless the CRO shall otherwise order, a Respondent shall be entitled to submit to the CRO a maximum of two written offers of settlement in connection with the statement of charges issued to that Respondent pursuant to Rule 13.4(b).

.02 Subject to Interpretation and Policy .01, a Respondent may propose a written offer of settlement during the course of any proceeding under this Chapter. If the Respondent wants to submit an offer of settlement subsequent to a hearing being scheduled pursuant to Rule 13.6, the Hearing Panel shall grant the parties leave from the hearing for the offer of settlement to be presented to the CRO for consideration under paragraph (a) of this rule.

Rule 13.9. Decision

Following a hearing conducted pursuant to Rule 13.6 of this Chapter, the Hearing Panel shall issue a decision in writing, based solely on the record, determining whether the Respondent has committed a violation and imposing the sanction, if any, therefor. The decision shall include a statement of findings and conclusions, with the reasons therefor, upon all material issues presented on the record. Where a sanction is imposed under Rule 13.11, the decision shall include a statement specifying the acts or practices in which the Respondent has been found to have engaged, the specific provisions of the Securities Exchange Act of 1934, as amended, rules and regulations promulgated thereunder, Bylaws, rules, interpretations or resolutions of the Exchange of which the acts are deemed to be in violation, and a statement of the sanctions

imposed and the reasons therefor. The Respondent and the Regulatory Division shall be promptly sent a copy of the decision. After Board review pursuant to Rule 13.10, or the time for such review has expired, the decision will be considered final, and the Exchange shall post the complete decision on the Cboe Options website.

Rule 13.10. Review

(a)

(1) *Petition.* Both the Respondent and the Regulatory Division shall have 15 days after service of notice of the decision made pursuant to Rule 13.9 of this Chapter to petition for review of the decision by filing a copy of the petition with the Secretary of the Exchange (“Secretary”) and with all other parties to the hearing. Such petition shall be in writing and shall specify the findings and conclusions to which exceptions are taken together with reasons for such exceptions. Any objections to a decision not specified by written exception shall be considered to have been abandoned.

(b) *Written Submissions.* Within 15 days after a petition for review has been filed with the Secretary of the Exchange pursuant to paragraph (a)(1) of this Rule, the other parties to the hearing may each submit to the Secretary a written response to the petition. A copy of the response must be served upon the petitioner. The petitioner has 15 days from the service of the response to file a reply with the Secretary and the other parties to the hearing.

(b) *Conduct of Review.* The review shall be conducted by the Board or a committee of the Board composed of at least three Directors whose decision must be ratified by the Board. Any Director who participated in a matter before the Hearing Panel or other Committee may not participate in any review of that matter by the Board. Unless the Board shall decide to open the record for the introduction of evidence or to hear argument, such review shall be based solely upon the record and the written exceptions filed by the parties. New issues may be raised by the Board; the parties to the hearing shall be given notice of and an opportunity to address any such new issues. The Board may affirm, reverse or modify, in whole or in part, the decision of the Hearing Panel. Such modification may include an increase or decrease of the sanction. The decision of the Board shall be in writing, shall be promptly served on the Respondent and the Regulatory Division, and shall be final.

(c) *Review on Motion of Board.* The Board may on its own initiative order review of a decision made pursuant to Rule 13.7 or 13.9 of this Chapter within 30 days after notice of the decision has been served on the Respondent and the Regulatory Division. Such review shall be conducted in accordance with the procedure set forth in paragraph (b) of this Rule.

Rule 13.11. Judgment and Sanction

(a) *Sanctions.* Trading Permit Holders and persons associated with Trading Permit Holders shall (subject to any rule or order of the Securities and Exchange Commission) be appropriately disciplined by the Hearing Panel or the CRO, as applicable, for violations under these Rules by expulsion, suspension, limitation of activities, functions and operations, fine, censure, being

suspended or barred from being associated with a Trading Permit Holder, suspension or revocation of one or more Trading Permits, or any other fitting sanction.

(b) *Effective Date of Judgment.* Sanctions imposed under this Chapter shall not become effective until the Exchange review process is completed or the decision otherwise becomes final. Pending effectiveness of a decision imposing a sanction on the Respondent, the Hearing Panel or the CRO, as applicable, may impose such conditions and restrictions on the activities of the Respondent as the Hearing Panel or the CRO, as applicable, considers reasonably necessary for the protection of investors and the Exchange.

Interpretations and Policies

.01 To promote consistency and uniformity in the imposition of penalties, the following Principal Considerations in Determining Sanctions should be considered in connection with the imposition of sanctions in all cases in determining appropriate remedial sanctions through the resolution of disciplinary matters through offers of settlement or after formal disciplinary hearings.

Principal Considerations In Determining Sanctions

(a) Disciplinary sanctions are remedial in nature. The Hearing Panel or the CRO, as applicable, should design sanctions to prevent and deter future misconduct by wrongdoers, to discourage others from engaging in similar misconduct, and to improve overall business standards of Cboe Options Trading Permit Holders. Pursuant to Exchange Rule 13.11, the Hearing Panel or the CRO, as applicable, may impose sanctions including expulsion, suspension, limitation of activities, fine, censure, suspension or revocation of one or more Trading Permits, or any other fitting sanction.

(b) An important objective of the disciplinary process is to deter future misconduct by imposing progressively escalating sanctions on recidivists. The Hearing Panel or the CRO, as applicable, should consider a party's relevant disciplinary history in determining sanctions.

(c) Relevant Precedent. The Hearing Panel or the CRO, as applicable, should consider prior similar disciplinary decisions (relevant precedent) in determining an appropriate sanction and may consider relevant precedent from other self-regulatory organizations.

(d) The Hearing Panel or the CRO, as applicable, should tailor sanctions to address the misconduct at issue. The Hearing Panel or the CRO, as applicable, should impose sanctions tailored to the misconduct at issue. For example, the Hearing Panel or the CRO, as applicable, may require a Trading Permit Holder or TPH organization to, among other things: retain a qualified independent consultant to improve future compliance with regulatory requirements; disclose disciplinary history to new and/or existing clients; implement heightened supervision of certain employees; or requalify by examination in any or all registered capacities.

(e) Aggregation of violations may be appropriate in certain instances for purposes of determining sanctions. The Hearing Panel or the CRO, as applicable, may aggregate individual violations of particular rules and treat such violations as a single offense for purposes of determining sanctions. Aggregation may be appropriate when the Exchange utilizes a comprehensive

surveillance program in the detection of potential rules violations. Aggregation may also be appropriate where the Exchange has reviewed activity over an extensive time period during the course of an investigation of matters disclosed either through a routine examination of the Trading Permit Holder or as the result of a complaint. Similarly, where no exceptional circumstances are present, the Exchange may impose a fine based upon a determination that there exists a pattern or practice of violative conduct. The Exchange also may aggregate similar violations generally if the conduct was unintentional, there was no injury to public investors, or the violations resulted from a single systemic problem or cause that has been corrected.

(f) The Hearing Panel or the CRO, as applicable, should evaluate appropriateness of disgorgement and/or restitution. The Hearing Panel or the CRO, as applicable, should evaluate the appropriateness of disgorgement and/or restitution in those cases where the amount of harm is quantifiable and the harmed party is identifiable.

(g) The Hearing Panel or the CRO, as applicable, should consider contributions or settlements by a respondent or any related Trading Permit Holder or TPH organization to the harmed party as it relates to the conduct that is the subject of the disciplinary matter.

(h) The Hearing Panel or the CRO, as applicable, may consider a party's inability to pay in connection with the imposition of monetary sanctions.

Rule 13.12. Service of Notice

Any charges, notices or other documents may be served upon the Respondent either personally or by leaving the same at the Respondent's place of business or by deposit in the United States post office, postage prepaid via registered or certified mail addressed to the Respondent at the Respondent's address as it appears on the books and records of the Exchange. If service is made by registered or certified mail, three days shall be added to the prescribed period for response.

Rule 13.13. Extension of Time Limits

Any time limits imposed under this Chapter for the submission of answers, petitions or other materials may be extended by permission of the authority at the Exchange to or by whom such materials are to be submitted.

Rule 13.14. Reporting to the Central Registration Depository

The Exchange shall report to the Central Registration Depository ("CRD") the following information concerning formal Exchange disciplinary proceedings: (i) the issuance of a statement of charges pursuant to Exchange Rule 13.4(b) and (ii) all significant changes in the status of such proceedings while such proceedings are pending.

Interpretations and Policies

.01 For the purposes of this Rule:

(a) A formal Exchange disciplinary proceeding shall be considered to be pending from the time that a statement of charges is issued in such proceeding pursuant to Exchange Rule 13.4(b) until the outcome of the proceeding becomes final.

(b) An Exchange disciplinary proceeding shall be considered to be a formal disciplinary proceeding if it is initiated by the Exchange pursuant to Exchange Rule 13.2 et seq.

(c) Significant changes in the status of a formal Exchange disciplinary proceeding shall include, but not be limited to, the scheduling of a disciplinary hearing, the issuance of a decision by the Hearing Panel or CRO, as applicable, the filing of an appeal to the Board of Directors of the Exchange, and the issuance of a decision by the Board of Directors of the Exchange.

Rule 13.15. Imposition of Fines for Minor Rule Violations

(a) In lieu of commencing a disciplinary proceeding pursuant to Exchange Rule 13.2 et seq., the Exchange may, subject to the requirements set forth herein, impose a fine, not to exceed \$5,000, on any Trading Permit Holder or person associated with or employed by a Trading Permit Holder with respect to any rule violation listed in section (g) of this Rule. For purposes of imposing fines pursuant to Rule 13.15(g)(4) and (g)(5), the Exchange may aggregate individual violations of particular rules and treat such violations as a single offense, provided that such aggregation is based upon a comprehensive automated surveillance program. In other instances, the Exchange may, if no exceptional circumstances are present, impose a fine based upon a determination that there exists a pattern or practice of violative conduct. The Exchange also may aggregate similar violations generally if the conduct was unintentional, there was no injury to public investors, or the violations resulted from a single systemic problem or cause that has been corrected. Any fine imposed pursuant to this Rule that (1) does not exceed \$2,500 and (2) is not contested, shall be reported by the Exchange to the Securities and Exchange Commission ("SEC") on a periodic, rather than a current, basis, except as may otherwise be required by Exchange Act Rule 19d-1 and by any other regulatory authority.

(b) In any action taken by the Exchange pursuant to this Rule, any person against whom a fine is imposed shall be served, as provided in Exchange Rule 13.12, with a written statement, prepared by the Exchange, setting forth: (1) the rule(s) allegedly violated; (2) the act or omission constituting each such violation; (3) the fine imposed for each violation; and (4) the date by which such determination becomes final and such fine must be paid or contested as provided below, which date shall be not less than thirty (30) days after the date of service of such written statement. The issuance of a fine, a Trading Permit Holder's failure to contest the fine, or a Trading Permit Holder's submission and/or the Exchange's acceptance of an offer of settlement in accordance with the provisions of Rule 13.15 do not constitute an admission.

(c)

(1) Any person against whom a fine is imposed pursuant to section (g) of this Rule may contest the Exchange's determination by filing with the Office of the Secretary of the Exchange, on or before the date specified pursuant to subsection (b)(4) of this Rule, a written answer as provided in Exchange Rule 13.5, at which point the matter shall become subject to review by a Hearing Panel. The filing must include a request for a

hearing, if a hearing is desired. Hearings will be conducted in accordance with the provisions of Exchange Rule 13.6. If a hearing is not requested, the review will be based on written submissions and will be conducted in a manner to be determined by a Hearing Panel.

(2) If after a hearing or review based on written submissions pursuant to subsection (c)(1) of this Rule the Hearing Panel determines that the conduct serving as the basis for the action under review is in violation of the rule charged, the Hearing Panel (1) may impose any one or more of the disciplinary sanctions authorized by the Exchange's Bylaws and Rules and (2) shall impose a forum fee against the person charged in the amount of one hundred dollars (\$100) if the determination was reached without a hearing, or in the amount of three hundred dollars (\$300) if a hearing was conducted. However, notwithstanding the foregoing, in the event that the Hearing Panel determines that the person charged has been found to have committed one or more rule violations and the sole disciplinary sanction imposed by the Hearing Panel for such rule violation(s) is a fine which is less than the total fine initially imposed by the Exchange pursuant to this Rule, the Hearing Panel shall have the discretion to waive the imposition of a forum fee.

(3) The committee or department of the Exchange that commenced the action under this Rule, the person charged, and the Board of Directors of the Exchange may require a review by the Board of any determination by a Hearing Panel under this Rule by proceeding in the manner described in Exchange Rule 13.10. For the purposes of such an appeal by the committee or department of the Exchange that commenced the action under this Rule, such committee or department of the Exchange shall have the same rights a Respondent under Exchange Rule 13.10.

(4) In the event that a fine imposed pursuant to this Rule is subsequently upheld by a Hearing Panel or, if applicable, on appeal, such fine, plus all interest that has accrued thereon since the date specified pursuant to subsection (b)(4) of this Rule, and any forum fee imposed hereunder, shall be immediately due and payable.

(d) Reserved.

(e) Fines imposed pursuant to this Rule shall be billed to the Clearing Trading Permit Holder previously designated by the person fined pursuant to Exchange Rule 2.3. Fines billed to a Clearing Trading Permit Holder shall be collected by the Exchange by drafting the appropriate Clearing Trading Permit Holder's account at the Clearing Corporation. The amount of such fine shall be an obligation payable to the Exchange by the billed Clearing Trading Permit Holder regardless of whether the Clearing Trading Permit Holder actually collected the fine from the person against whom the fine was imposed; provided that, if as of the billing date, (1) the person against whom the fine was imposed does not have an active account with the billed Clearing Trading Permit Holder, or (2) the equity in such person's account with that Clearing Trading Permit Holder is less than the amount of the fine, and the Clearing Trading Permit Holder notifies the Exchange in writing within fifteen (15) days after the billing date that the condition described in subsection (1) or (2) hereof exists, the Exchange shall bill such person directly. In the event that the person against whom the fine is imposed contests the fine within the time period specified pursuant to this Rule, but after the fine has been collected pursuant to this

section (e), the Exchange shall promptly refund to the applicable Clearing Trading Permit Holder's account the amount collected.

(f) The Exchange shall issue regulatory circulars to the Trading Permit Holders from time to time listing the Exchange Bylaws and rule provisions as to which the Exchange may impose fines as provided by this Rule. Such list shall indicate the specific dollar amount that may be imposed as a fine hereunder with respect to any violation of any such rule. The fines authorized below for violations of a first or second offense may be imposed in the case of a first or second offense if warranted under the circumstances. Nothing in this Rule shall require the Exchange to impose a fine pursuant to this Rule with respect to the violation of any rule included in any such listing. In addition, the Exchange may, whenever it determines that any violation is intentional, egregious, or otherwise not minor in nature, proceed under the Exchange's formal disciplinary rules as set forth in Exchange Rule 13.2 et seq., rather than under this Rule.

(g) The following is a list of the rule violations subject to, and the applicable fines that may be imposed by the Exchange pursuant to, this Rule:

(1) Violation of position and exercise limit rules. (Rule 8.30 and Rule 8.42)

* A violation that consists of (A) a 1 trade date overage, (B) a consecutive string of trade date overage violations where the position does not change or where a steady reduction in the overage occurs, or (C) a consecutive string of trade date overage violations resulting from other mitigating circumstances, may be deemed to constitute one offense, provided that the violations are inadvertent.

<u>Number of Cumulative Violations In Any Twenty-Four (24) Month Rolling Period *</u>	<u>Fine Amount (imposed on Exchange TPH organization or violations occurring in all other accounts)</u>
<u>First Offense</u>	<u>\$500</u>
<u>Second Offense</u>	<u>\$1,000</u>
<u>Third Offense</u>	<u>\$2,500</u>
<u>Fourth and Each Subsequent Offense</u>	<u>\$5,000</u>

(2) Failure to file Focus reports in a timely manner. (Rule 7.3)

Each Trading Permit Holder shall file with the Exchange a report of financial condition on SEC Form X-17A-5 as required by Exchange Act Rules 17a-5 and 17a-10. Any Trading Permit Holder who fails to file in a timely manner such report of financial condition pursuant to Exchange Act Rules 17a-5 or 17a-10 shall be subject to the following fines:

<u>Days Late</u>	<u>Sanction</u>
<u>1 – 30</u>	<u>\$200</u>
<u>31 – 60</u>	<u>\$400</u>
<u>61 +</u>	<u>\$800</u>

(3) Failure to respond in a timely manner to a request for automated submission of trading data (“Blue Sheets”). (Rule 7.5)

Any Trading Permit Holder who fails to respond within ten (10) days to a request by the Exchange for submission of Blue Sheets shall be subject to the following fines:

<u>Number of Violations in Any Twenty-Four Month Period</u>	<u>Fine Amount</u>
<u>1st Offense</u>	<u>\$2,500</u>
<u>Subsequent Offenses</u>	<u>\$5,000</u>

(4) Failure to Submit Trade Information on Time and Failure to Submit Trade Information to the Price Reporter. (Rule 6.1)

A fine shall be imposed upon a Market-Maker or Floor Broker who fails to submit trade information in accordance with Rule 6.1. Such fines shall be imposed on the basis of the following schedule:

* For purposes of this Rule 13.15(g)(4), an "offense" is defined as an instance in which a pattern or practice of late reporting or failure to report without exceptional circumstances has been determined.

<u>Number of Offenses * in Any Rolling Twenty-Four Month Period</u>	<u>Fine Amount</u>
<u>1st Offense</u>	<u>\$1,000 - \$2,500</u>
<u>2nd Offense</u>	<u>\$2,000 - \$5,000</u>
<u>Subsequent Offenses</u>	<u>\$5,000</u>

*A violation that consists of (A) a 1 trade date overage, (B) a consecutive string of trade date overage violations where the position does not change or where a steady reduction in

the overage occurs, or (C) a consecutive string of trade date overage violations resulting from other mitigating circumstances, may be deemed to constitute one offense, provided that the violations are inadvertent.

(5) A fine shall be imposed upon a Market-Maker or Floor Broker in accordance with the fine schedule set forth below for the following conduct ¹:

(A) Failure to honor the firm quote requirements of Rules 5.52 and 5.59;

(B) Failure to honor the priority of marketable priority customer orders pursuant to Rules 5.32 and 5.85; and

(C) Failure to use due diligence in the execution of orders for which the floor Trading Permit Holder maintains an agency obligation pursuant to Rule 5.91.

<u>Number of Offenses In Any Rolling Twenty-Four Month “Look-Back” Period</u>	<u>Fine Amount</u>
<u>1st Offense</u>	<u>\$500 - \$1,500</u>
<u>2nd Offense</u>	<u>\$1,000 - \$3,000</u>
<u>3rd Offense</u>	<u>\$2,000 - \$5,000</u>
<u>Subsequent Offenses</u>	<u>\$3,500 - \$5,000</u>

(6) Violations of Trading Conduct and Decorum Policies. (Rule 5.80)

The Exchange’s trading conduct and decorum policies shall be distributed to the Trading Permit Holders periodically and shall set forth the specific dollar amounts that may be imposed as a fine hereunder with respect to any violations of those policies. If warranted under the circumstances in the view of two Floor Officials, the fine authorized under those policies for a second, third or subsequent offense may be imposed for a first offense and the fine authorized for a third or subsequent offense may be imposed for a second offense.

(7) Failure to Submit Trade Data on Trade Date (“As of Adds”). (Rule 6.1)

(A) Any individual Trading Permit Holder who fails for more than 5% of the Trading Permit Holder’s transactions in any month to submit on the date that a transaction is executed the trade information required by Rule 6.1 shall be subject to the following fines:

<u>Number of Violations In</u>	<u>Fine Amount</u>
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<u>Any Twenty-Four Month Period</u>	
<u>1st Offense</u>	<u>Letter of Information</u>
<u>2nd Offense</u>	<u>Letter of Caution</u>
<u>3rd Offense</u>	<u>\$500</u>
<u>Subsequent Offenses</u>	<u>\$1,000</u>

(B) Under unusual circumstances affecting the ability of a significant number of Trading Permit Holders to submit trade information to the Exchange on a timely basis, the Exchange may suspend application of subsection (g)(7)(a) of this Rule for a period not to exceed seven (7) calendar days at any one time (which may be extended by subsequent suspensions implemented in each case in accordance with the procedures required by this subsection). Such a suspension order, which may be retroactive, shall be in writing and state the reasons therefor. It shall be communicated to the Trading Permit Holders by Exchange publication, which may be issued after the effective date and shall be kept on record by the Secretary of the Exchange.

(8) Violations of Exercise and Exercise Advice Rules for Noncash-Settled Equity Options (Rule 6.20)

Any Trading Permit Holder who fails to submit to the Exchange in a timely manner pursuant to Rule 6.20 or a Regulatory Circular issued pursuant to Rule 6.20, "Advice Cancel", or exercise instruction relating to the exercise or nonexercise of a noncash-settled equity option shall be subject to the following fines:

<u>Number of Violations in in Any Rolling Twenty- Four Month Period</u>	<u>Individual Fine Amount</u>	<u>Member Organization Fine Amount</u>
<u>1st Offense</u>	<u>\$500</u>	<u>\$1,000</u>
<u>2nd Offense</u>	<u>\$1,000</u>	<u>\$2,5000</u>
<u>Subsequent Offenses</u>	<u>\$2,5000</u>	<u>\$5,000</u>

(9) Violations of Exercise and Exercise Advice Rules for American-Style, Cash-Settled Index Options (Rule 6.20, Interpretation and Policy .03)

A Trading Permit Holder shall be subject to the fines listed below if the Trading Permit Holder commits any of the following violations of Rule 6.20, Interpretation and Policy

.03 with respect to an American-style, cash-settled index option: failure to submit an Exercise Advice; the submission of an advice and no subsequent exercise; the submission of an Exercise Advice after the designated cut-off time; the submission of an Exercise Advice for an amount different than the amount exercised; and the time-stamping of an advice or exercise instruction memorandum prior to purchasing contracts.

<u>Number of Violations in Any Twenty-Four Month Period</u>	<u>Fine Amount</u>
<u>1st Offense</u>	<u>\$500</u>
<u>2nd Offense</u>	<u>\$1,000</u>
<u>3rd Offense</u>	<u>\$2,500</u>
<u>Subsequent Offenses</u>	<u>\$5,000</u>

(10) Communications to the Exchange or the Clearing Corporation (Rule 8.14)

A fine shall be imposed upon a Trading Permit Holder, person associated with a Trading Permit Holder or applicant for Trading Permit Holder, as applicable, who violates Rule 8.14. Such fines shall be imposed on the basis of the following schedule:

<u>Number of Offenses in any Rolling Twenty-Four Month Period</u>	<u>Fine Amount</u>
<u>1st Offense</u>	<u>\$500</u>
<u>2nd Offense</u>	<u>\$1,000</u>
<u>Subsequent Offenses</u>	<u>\$2,500</u>

(11) Trading in Restricted Classes (Rule 4.4)

A fine shall be imposed upon a Trading Permit Holder and/or person associated with a Trading Permit Holder, as applicable, who enters into an opening transaction in a restricted class in violation of Exchange Rule 4.4: Such fines shall be imposed on the basis of the following schedule:

<u>Number of Offenses in any Rolling Twenty-Four Month Period</u>	<u>Fine Amount</u>
<u>1st Offense</u>	<u>\$500</u>

<u>2nd Offense</u>	<u>\$2,500</u>
<u>Subsequent Offenses</u>	<u>\$5,000</u>

(12) Order Protection Violations (Rule 5.66)

A fine shall be imposed upon a Trading Permit Holder and/or person associated with a Trading Permit Holder, as applicable, who engages in a pattern or practice of trading through better prices available on other exchanges, unless one or more of the exceptions set forth in Rule 5.66(b) apply. Such fines shall be imposed on the basis of the following schedule:

<u>Number of Offenses in any Rolling Twenty-Four Month Period</u>	<u>Fine Amount</u>
<u>1st Offense</u>	<u>\$500 to \$1,000</u>
<u>2nd Offense</u>	<u>\$1,000 to \$2,000</u>
<u>Subsequent Offenses</u>	<u>\$2,500 to \$5,000 and a Staff Interview</u>

(13) Locked or Crossed Market Violations (Rule 5.67)

A fine shall be imposed upon a Trading Permit Holder and/or person associated with a Trading Permit Holder, as applicable, who engages in a pattern or practice of locking or crossing a market in violation of Rule 5.67. Such fines shall be imposed on the basis of the following schedule:

<u>Number of Offenses in any Rolling Twenty-Four Month Period</u>	<u>Fine Amount</u>
<u>1st Offense</u>	<u>\$500 to \$1,000</u>
<u>2nd Offense</u>	<u>\$1,000 to \$2,000</u>
<u>Subsequent Offenses</u>	<u>\$2,500 to \$5,000 and a Staff Interview</u>

(14) Failure to Meet Exchange Quoting Obligations

A fine shall be imposed upon a Market-Maker, Designated Primary Market-Maker or Lead Market Maker (as applicable) in accordance with the fine schedule set forth below for the following conduct:

(A) Failure to meet the continuous quoting obligation (Rule 5.52, 5.55, and 5.54);

(B) Failure to meet the applicable quote width requirements (Rule 5.52);

(C) Failure to meet the initial quote volume requirements (Rule 5.52); and

(D) Failure of a Lead Market-Maker or Designated Primary Market-Maker to enter opening quotes within one minute following the initiation of an opening rotation (e.g. 8:31 a.m. (CT)) in a series in its appointed or allocated class, respectively, that is not open due to the lack of a quote (see Rule 5.31(e)(2) or (j)(5)(B), as applicable) (Rules 5.55 and 5.54), respectively.

<u>Number of Offenses in any Rolling Twenty-Four Month Period</u>	<u>Fine Amount</u>
<u>1st Offense</u>	<u>\$2,000 - \$4,000</u>
<u>Subsequent Offenses</u>	<u>\$4,000 - \$5,000</u>

(15) Failure to Accurately Report Position and Account Information (Rule 8.43)

A fine shall be imposed upon a Trading Permit Holder who violates Rule 8.43. Such fines shall be imposed on the basis of the following schedule:

<u>Number of Offenses in any Rolling Twenty-Four Month Period</u>	<u>Fine Amount</u>
<u>1st Offense</u>	<u>\$500</u>
<u>2nd Offense</u>	<u>\$1,000</u>
<u>3rd Offense</u>	<u>\$2,500</u>
<u>Subsequent Offenses</u>	<u>\$5,000</u>

(16) Failure to Provide Prior Capital Withdrawal Notice (Rule 15c3-1(e) under the Securities Exchange Act of 1934)

A fine shall be imposed upon a Trading Permit Holder who fails to provide prior notification of capital withdrawal in accordance with Rule 15c3-1(e) under the Securities

Exchange Act of 1934. Such fines shall be imposed on the basis of the following schedule:

<u>Number of Offenses in any Rolling Twenty-Four Month Period</u>	<u>Fine Amount</u>
<u>1st Offense</u>	<u>\$2,500</u>
<u>Subsequent Offenses</u>	<u>\$5,000</u>

(17) Failure to Provide Post Capital Withdrawal Notice (Rule 15c3-1(e) under the Securities Exchange Act of 1934)

A fine shall be imposed upon a Trading Permit Holder who fails to provide notification following a capital withdrawal in accordance with Rule 15c3-1(e) under the Securities Exchange Act of 1934. Such fines shall be imposed on the basis of the following schedule:

<u>Number of Offenses in any Rolling Twenty-Four Month Period</u>	<u>Fine Amount</u>
<u>1st Offense</u>	<u>\$1,000</u>
<u>Subsequent Offenses</u>	<u>\$2,500</u>

(18) Failure to Designate a Person or Persons Responsible for Implementing and Monitoring a Trading Permit Holder's Anti-Money Laundering Compliance Program (Rule 8.12)

A fine shall be imposed upon a Trading Permit Holder who fails to designate and identify to the Exchange a person or persons responsible for implementing and monitoring the day-to-day operations and internal controls of the Trading Permit Holder's Anti-Money Laundering Compliance Program and/or who fails to provide prompt notification to the Exchange regarding any change in such designation in violation of Rule 8.12:

<u>Number of Offenses in any Rolling Twenty-Four Month Period</u>	<u>Fine Amount</u>
<u>1st Offense</u>	<u>\$1,000</u>
<u>Subsequent Offenses</u>	<u>\$2,500</u>

(19) Failure to Conduct or Participate in Mandatory Systems Testing (Rule 5.24(e)) A fine shall be imposed upon a Trading Permit Holder who fails to conduct or participate in the testing of computer systems or fails to provide required reports or maintain required documentation in violation of Rule 5.24. Such fines shall be imposed on the basis of the following schedule:

<u>Number of Offenses in One Calendar Year</u>	<u>Fine Amount</u>
<u>1st Offense</u>	<u>\$250</u>
<u>2nd Offense</u>	<u>\$500</u>
<u>3rd Offense</u>	<u>\$1,000</u>
<u>Subsequent Offenses</u>	<u>\$2,000</u>

Interpretations and Policies

.01 Any Trading Permit Holder who is issued a summary fine notice for the same conduct covered in sub-paragraph (g)(5) that meets one of the levels below shall have the opportunity to submit one written offer of settlement to the CRO in accordance with the provisions of Rule 13.8(a)—Submission of Offer, provided, however, that the Interpretation and Policies to Rule 13.8 shall not apply to an offer made hereunder and the Trading Permit Holder must submit the offer within 30 days of the date of service of the written notice informing the Trading Permit Holder of the fine(s) imposed. The Trading Permit Holder may also appear once before the CRO to make an oral statement in support of the offer. In considering an offer of settlement, the CRO shall consider the Principal Considerations in Determining Sanctions as set forth in Interpretation and Policy .01 of Rule 13.11. A Trading Permit Holder may make one offer:

(a) When the summary fine amount would be greater than \$2,500 but not more than \$5,000 for a single offense, regardless of whether the single offense is the result of one violation or multiple violations aggregated; or

(b) When the total fine for multiple offenses, would be greater than \$10,000 in the aggregate and not more than \$5,000 for any single offense, again regardless of whether any single offense is the result of one violation or multiple violations aggregated.

A decision of the CRO accepting an offer of settlement hereunder shall be reported on a current basis pursuant to Rule 19d-1 under the Securities Exchange Act of 1934. The Trading Permit Holder shall report a decision accepting an offer of settlement on the Trading Permit Holder's broker-dealer and Form U-4 (uniform application for securities industry registration or transfer) forms as a decision in a contested Exchange disciplinary proceeding.

.02

(a) The Exchange shall attempt to serve Trading Permit Holders fined pursuant to subsection (g)(4) of this Rule with a written statement in accordance with section (b) of this Rule within the month immediately following the month in which the violations were alleged to have occurred. Such Trading Permit Holders may, within fifteen (15) days after such service was effected, request verification of the fine by the Exchange.

(b) Notwithstanding the provisions of Interpretation and Policy .02 (a) above, there shall be a cap on the number of transactions during a particular month with respect to which a Trading Permit Holder fined pursuant to subsection (g)(4) of this Rule may request verification. Such cap shall be imposed pursuant to the following schedule:

<u>Number of Offenses Within a Rolling Twenty-Four Month Period</u>	<u>Maximum Number of Transactions During a Particular Month With Respect to Which Verification May Be Requested</u>
<u>1 – 2</u>	<u>No Limit</u>
<u>3+</u>	<u>The greater of (i) 50 transactions or (ii) 10% of the number of transactions deemed not to be in compliance with Rule 13.15(g)(4)</u>

(c) The Exchange shall attempt to serve Trading Permit Holders fined pursuant to subsection (g)(7) of this Rule with a written statement in accordance with section (b) of this Rule on or before the tenth (10th) day of the month immediately following the month in which the violations were alleged to have occurred. Such Trading Permit Holders may, on or before the twenty-fifth (25th) day of the month in which such service was effected, request verification of the fine by the Exchange.

(d) Verification requests pursuant to sections (a) and (c) of this Interpretation and Policy .02 shall be made in the manner and form required by the Exchange, and shall deal solely with factual issues. Exchange employees shall verify the accuracy of the fine for which a request for verification has been made and determine whether the fine should remain as imposed or should be modified or eliminated. During the verification process, the Exchange may require or permit the Trading Permit Holder requesting verification to produce substantiating evidence or other information within ten (10) days after notice of that deadline is sent to such Trading Permit Holder. The Trading Permit Holder requesting verification shall have the burden of producing such evidence or information. Notice of the determination shall be given in writing to the Trading Permit Holder requesting verification. For purposes of sections (c) and (d) of this Rule, a Trading Permit Holder filing a request for verification may contest the fine subject to verification within thirty (30) days after the date the Exchange sent such Trading Permit Holder notice of the determination.

.03 Any fine imposed pursuant to subsection (g)(6) that (i) does not exceed \$1,000 and (ii) is not contested, shall not be reported by the Exchange to the SEC, except as may otherwise be required by Exchange Act Rule 19d-1 and by any other regulatory authority.

¹ Minor Rule Violation fines imposed under this provision may be issued by Exchange Floor Officials.

Rule 13.16. Ex Parte Communications

(a) Unless on notice and opportunity for all parties to participate:

(1) No Trading Permit Holder, person associated with a Trading Permit Holder or Exchange staff member shall make or knowingly cause to be made an ex parte communication relevant to the merits of a proceeding with any member of the Hearing Panel, Business Conduct Committee, Board or committee of the Board who is participating in a decision with respect to that proceeding (an “Adjudicator”); and

(2) No Adjudicator shall make or knowingly cause to be made an ex parte communication with any Trading Permit Holder, person associated with a Trading Permit Holder or Exchange staff member relevant to the merits of that proceeding.

(b) An Adjudicator who receives, makes, or knowingly causes to be made a communication prohibited by this Rule shall place in the record of the proceeding:

(1) all such written communications;

(2) memoranda stating the substance of all such oral communications; and

(3) all written responses and memoranda stating the substance of all oral responses to all such communications.

(c) If a prohibited ex parte communication has occurred, the Board or a committee of the Board may take whatever action it deems appropriate in the interests of justice, the policies underlying the Act, and the Exchange By-Laws and Rules, including dismissal or denial of the offending party’s interest or claim. All participants to a proceeding may respond to any allegations or contentions contained in a prohibited ex parte communication placed in the record. Such responses shall be placed in the record.

(d) The prohibitions of this Rule shall apply beginning with the initiation of an investigation as provided in Rule 13.2(a), unless the person responsible for the communication has knowledge that the investigation shall be initiated, in which case the prohibitions shall apply beginning at the time of his or her acquisition of such knowledge.

(e) “Ex parte communication” means an oral or written communication made without notice to all parties, that is, Regulatory staff and Subjects of investigations or Respondents in proceedings. A written communication is ex parte unless a copy has been previously or simultaneously delivered to all interested parties. An oral communication is ex parte unless it is made in the presence of all interested parties except those who, on adequate prior notice, declined to be present.

(f) No violation of Rule 13.16(e) shall be deemed to occur if the ex parte communication deals solely with procedural matters rather than the merits of the investigation or proceeding.

(g) No person shall be deemed to violate this Rule if they refuse an attempted communication concerning the merits of an investigation or proceeding as soon as it becomes apparent that the communication concerns the merits. In order for this paragraph (g) to apply, the person refusing the attempted communication must promptly notify the Regulatory staff about the attempted communication and how the person responded to it. The Regulatory staff shall memorialize this information in the regulatory record of the investigation or disciplinary proceeding.

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