



BOXSM
REGULATION

Regulatory Circular

RC-2013-15

TO: BOX Participants
FROM: BOX Regulation
SUBJECT: **Disciplinary Action Notification Requirement**
DATE: **November 20, 2013**

BOX Options Exchange ("Exchange") Rule 3100, Disciplinary Action by Other Organizations, requires Participants to promptly notify the Exchange **in writing** of any disciplinary action, including the basis therefore, taken against the Participant or its associated persons who are directly involved in derivatives trading by any:

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

Additionally, Rule 3100 requires a Participant to promptly notify the Exchange **in writing** of any internal disciplinary action, and the basis therefore, taken by the Participant itself against any of its associated persons who are directly involved in derivatives trading involving:

- suspension,
- termination,
- the withholding of commissions or imposition of fines in excess of \$2,500, or
- any other significant limitation on activities.

Written notifications required pursuant to Rule 3100 are to be transmitted either by 1) e-mail to boxmrc@boxregulation.com, or 2) regular mail to:

Rule 3100 Notifications
BOX Regulation
101 Arch Street, Suite 610
Boston, MA 02110

In the case of a disciplinary action taken against an Options Participant by other organizations, the filing by the Options Participant of an amended Uniform Application for Broker-Dealer Registration Form (Form "BD") electronically with WebCRD, that reports the action and the basis therefore, satisfies the notification requirement of Rule 3100. It should be noted that not all disciplinary actions are eligible for inclusion on an amended Form BD filing. If a disciplinary action is not eligible for inclusion on an amended Form BD filing, notification must be transmitted directly to the Exchange.

In the case of a disciplinary action taken by other organizations, or an internal disciplinary action taken by an Options Participant itself, against an associated person of the Options Participant that is a registered person, the filing by the Options Participant of an amended Uniform Application for

Securities Industry Registration or Transfer Form (Form "U4"), or an initial or amended Uniform Termination Notice for Securities Industry Registration (Form "U5"), electronically with WebCRD, that reports the action and the basis therefore, satisfies the notification requirement of Rule 3100. It should be noted that not all disciplinary actions are eligible for inclusion on an amended Form U4 or U5 filing. If a disciplinary action is not eligible for inclusion on an amended Form U4 or U5 filing, notification must be transmitted directly to the Exchange. (For associated persons that are not registered, the written notification required by Rule 3100 must be transmitted directly to the Exchange.)

Participants are reminded that other self-regulatory organizations may also have separate disciplinary action notification requirements (e.g., FINRA Rule 4530, NYSE Rule 4530).

Contacts

Please review the information provided herein. If you have any questions regarding this information, please contact Bruce Goodhue, Vice President BOX Regulation, at (617) 235-2022.