



## **CBSX Trader News Update**

### **CBSX to Support New Order Types**

#### **Overview and Effective Date**

Beginning on Monday, September 10, 2012, CBSX will rollout a system modification to support the following new order types:

- Silent order
- Silent-mid order
- Silent-post-mid order
- Silent-mid-seeker order

The software modification will be rolled out to each client trading server individually and is expected to complete over five business days, absent any unanticipated issues that would cause the rollout to be interrupted. Following the completion of the rollout, a CBSX Trading Permit Holder ("TPH") may elect that orders submitted to the exchange contain the new contingency types, including an optional contingency price, limiting the execution price of each order.

#### **Order Handling**

A **silent order** is an order that is resting and not displayed publicly on the CBSX Book but is to be executed at the National Best Bid ("NBB") (for a "buy" order) or National Best Offer ("NBO") (for a "sell" order).

A **silent-mid order** is an order that may rest on the CBSX Book or remove liquidity, and is to be executed at the mid-point between the NBBO. If resting, the interest will not be displayed publicly.

A **silent-post-mid order** is an order that is resting and not displayed publicly on the CBSX Book but is to be executed at the mid-point between the NBBO. If

a silent-post-mid order is to trade upon its arrival into the system (thereby “removing” liquidity), it will not trade, but instead rest until another order comes in for it to trade against.

A **silent-mid-seeker order** is a take-only order that will never rest in the CBSX Book and is to be executed only at the mid-point between the NBBO. If, upon the entry of a silent-mid-seeker order, there is undisputed interest resting on the CBSX Book at the mid-point between the NBBO, the silent-mid-seeker order will interact with this interest. If there is no undisputed resting interest at the midpoint of the NBBO, the silent-mid-seeker order will be canceled. A silent-mid-seeker order will never be routed to an away market. When the NBBO is locked or crossed, a silent-mid-seeker order will be canceled.

## Contingency Price

Silent orders, silent-mid orders, and silent-post-mid orders submitted to the exchange may be marked with an optional contingency price which will indicate the highest price that a buyer is willing to pay or the lowest price at which a seller is willing to accept (such contingency price to be in \$0.01 (full penny) increments only). If NBB is higher than this contingency price for a Buy order, or the NBO is lower than this contingency price for a Sell, Sell Short, or Sell Short Exempt order, the order, or remainder of the order, will be canceled prior to trading.

## Priority & Trading Increment

A silent order, silent-mid order, or silent-post-mid order may trade with any other type of order and is to execute following the execution of any displayed orders at the NBBO (if there are any displayed orders at the NBBO) and has a higher trading priority than All or None orders. Silent-mid orders have a higher priority than silent-post-mid orders.

When the NBBO is locked or crossed, a silent order, silent mid, or silent-post-mid order will never trade, but instead rest on the CBSX Book and remain eligible to trade once the NBBO is no longer locked or crossed.

A silent-mid order, silent-post-mid order, or silent-mid-seeker order may trade in \$0.005 increments if priced at or above \$1 and \$0.0001 increments if priced below \$1. If the midpoint between the NBBO is not at a tradable increment, CBSX will round down to the nearest tradable increment.

To see a more detailed description of the new order types, including examples of how orders would be handled if participants elect to make use of the optional

contingency price, please go to the following website:  
<http://www.sec.gov/rules/sro/cboe/2012/34-67548.pdf>.

## Liquidity Flags & Pricing

When a silent order, silent-mid order, or silent-post-mid order trades after resting in the book, the following new liquidity flags will be reported to participants on the execution:

- Silent Maker 'M'
- Silent Taker 'D'
- Silent-Mid Maker 'Y'
- Silent-Mid Taker 'Z'

Subject to Securities and Exchange Commission (SEC) review, the September, 2012 fee schedule will be amended to include four new transaction rates and rate-types as described in the table below. Participants should take note that non-Silent Orders may interact with Silent Orders and therefore are subject to the new rate-types and rates when the new forms of liquidity interaction occur on the exchange.

Stock Price	Rate-Type	Rate (per share)	Liquidity Flag
>\$0.9999	Maker < 5,000,000 Daily	0.0018 fee	A or B or Q or V or W or E or U
	Maker ≥ 5,000,000 Daily	0.0017 fee	A or B or Q or V or W or E or U
	Maker ≥ 10,000,000 Daily	0.0016 fee	A or B or Q or V or W or E or U
	Maker ≥ 15,000,000 Daily	0.0015 fee	A or B or Q or V or W or E or U
	Maker ≥ 25,000,000 Daily	0.0014 fee	A or B or Q or V or W or E or U
	<b>Silent Maker</b>	<b>0.0018 fee</b>	<b>M</b>
	<b>Silent-Mid Maker</b>	<b>0.0008 fee</b>	<b>Y</b>
	Taker < 10,000,000 Daily and <85% Execution Rate	0.0015 credit	R or N or F or T
	Taker ≥ 10,000,000 Daily and ≥85% Execution Rate	0.0017 credit	R or N or F or T
	<b>Silent Taker</b>	<b>0.0014 credit</b>	<b>D</b>
	<b>Silent-Mid Taker</b>	<b>0.0004 credit</b>	<b>Z</b>
	Routed	0.0030 fee	X
Stock Price	Rate-Type	Rate (of value)	Liquidity Flag
\$0.9999 or less	Maker	FREE	A or B or Q or V or W or E or U <b>or M or Y</b>
	Taker	.30% fee	R or N or F or T <b>or D or Z</b>
	Routed	.30% fee	X

Please refer to the below links containing pricing information and applicable transaction fee rates.

[http://www.cbsx.com/transservices/maker\\_taker.aspx](http://www.cbsx.com/transservices/maker_taker.aspx)

<http://www.cboe.com/publish/cbsxfeeschedule/cbsxfeeschedule.pdf>

## API Implementation

The order-types described in this circular must be submitted to the Exchange with the appropriate "Order Type" (in the case of FIX) or "Order Contingency" (in the case of CMi). Please refer to the respective protocol documentation, and review the below examples.

CMi - Order Contingency	FIX - Order Type (Tag 40)
DARK = 36	X*
DARK_MID = 37	Y*
DARK_POST_MID = 38	Z*
DARK_MID_IOC = 39	Y (TIF=IOC)

\*FIX Tag 5167 must be used to specify a Contingency Price

Please refer to the following links for further details related to accepted order-types and interface implementation requirements:

<http://www.cbsx.com/transservices/matrix.aspx>

<http://www.cbsx.com/transservices/SOTs.aspx>

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