



Update - Cboe Announces Retail Order Priority on EDGX Equities Exchange

Reference ID: C2019062500

Overview (UPDATED)

On an effective date **to be announced**, Cboe EDGX Equities Exchange (EDGX) will provide enhanced book priority for orders submitted on behalf of **non-professional** retail investors. The effective date of this enhancement has been postponed to a future date, **pending regulatory approval**, and will be communicated in a later notice.

Technical Details (UPDATED)

On the effective date, **non-professional** retail limit orders (“Retail Priority Orders”) will receive execution priority. Orders on EDGX will execute with the following priority: price/display/retail priority/time. Retail priority will be in place during all trading sessions as well as the opening process and re-opening process after a halt.

A “Retail Priority Order” is a Retail Order that is entered on behalf of a person that does not place more than 390 equity orders per day on average during a calendar month for its own beneficial account(s). Members are required to review their customer’s activity on at least a quarterly basis to determine if they meet these requirements.

~~Retail Member Organizations (RMOs) can submit a Retail Order via BOE or FIX protocol by sending the *ExtendedExecInst* (FIX Tag 9416) = 'R' instruction.~~

Retail Priority Orders can be initiated using the BOE or FIX protocol by sending the *ExtendedExecInst* (FIX Tag 9416) = 'X' instruction. Orders so marked will both receive retail priority and be eligible to receive the Retail Order rebate. Ports may be set to default to retail priority using the *Default to Retail Order* port attribute.

The existing 'R' value for *ExtendedExecInst* (FIX Tag 9416) can still be used by any attested retail member for both professional and non-professional Retail Orders. Orders so marked will be eligible to receive the Retail Order rebate but will not receive retail priority. Orders sent by non-RMOs with the *ExtendedExecInst* (FIX Tag 9416) = 'R' instruction will be rejected.

Displayed Retail Priority Orders will have priority ahead of all other available interest at a price level. Retail priority will not apply to fully hidden orders or discretionary ranges, but the reserve quantity of Retail Priority Orders will have priority ahead of the reserve quantity of other limit orders.

Routing and Price Sliding

Retail Priority Display Price Sliding orders will still have priority when hidden at the locking price, but these orders will be displayed one minimum price variation away. Super Aggressive and Aggressive Retail Priority Orders will lift from the book before other orders.

Examples

Example 1: Displayed Retail Priority Order has priority over Non-Retail Order

NBBO: 10.00 x 10.10
Order1: Buy 100 @ 10.00 – Non-Retail Priority
Order2: Buy 100 @ 10.00 – Retail Priority
Order3: Sell 100 @ 10.00 IOC
Result: Order3 trades with Order2 for 100 @ 10.00

Example 2: Better-priced Non-Retail Priority Order has priority over worse priced Retail Order

NBBO: 10.00 x 10.10
Order1: Buy 100 @ 10.00 – Retail
Order2: Buy 100 @ 10.01 – Non-Retail
Order3: Sell 100 @ 10.00 IOC
Result: Order3 trades with Order2 for 100 @ 10.01

Example 3: Hidden Retail Priority Order does not have priority over hidden Non-Retail Priority Order

NBBO: 10.00 x 10.10
Order1: Buy 100 @ 10.01 – Hidden, Non-Retail Priority
Order2: Buy 100 @ 10.01 – Hidden, Retail Priority
Order3: Sell 100 @ 10.00 IOC
Result: Order3 trades with Order1 for 100 @ 10.01

Example 4: Retail Order does not have priority in discretionary range

NBBO: 10.00 x 10.10
Order1: Buy 100 @ 10.00 +.03 Discretion – Non-Retail Priority
Order2: Buy 100 @ 10.00 +.03 Discretion – Retail Priority
Order3: Sell 100 @ 10.02 IOC
Result: Order3 trades with Order1 for 100 @ 10.02

Example 5: Display Price Sliding Retail Priority Orders will have priority at hidden locking price

NBBO: 10.00 x 10.01 (nothing on EDGX Offer)
Order1: Buy 100 @ 10.01 – Post Only, DPS, Non-Retail Priority

- Ranked at 10.01 hidden and displayed at 10.00

Order2: Buy 100 @ 10.01 – Post Only, DPS, Retail Priority

- Ranked at 10.01 hidden and displayed at 10.00

Order3: Sell 100 @ 10.01 IOC
Result: Order3 trades with Order2 for 100 @ 10.01

Example 6: Retail Priority Reserve Order has displayed and hidden priority

NBBO: 10.00 x 10.10
Order1: Buy 500 @ 10.00 – Max Floor = 100, Non-Retail Priority
Order2: Buy 500 @ 10.00 – Max Floor = 100, Retail Priority
Order3: Sell 300 @ 10.00 IOC
Result: Order3 trades 100 @ 10.00 with Order2 (displayed qty)
Order3 trades 100 @ 10.00 with Order1 (displayed qty)
Order3 trades 100 @ 10.00 with Order2 (hidden qty)

Example 7: Resting Super Aggressive Retail Priority Order routes out before Non-Retail Priority Order

NBBO: 10.00 x 10.10
Order1: Buy 100 @ 10.01 – Super Aggressive, Non-Retail Priority
Order2: Buy 100 @ 10.01 – Super Aggressive, Retail Priority
NBBO Chg: 10.00 x 10.01 (100 shares at NYSE on Offer)
Result: Order2 is lifted from the book and routed to NYSE.
Order1 is lifted from the book and routed, after Order 2.

Example 8: MTP will be applied immediately on Retail Order

NBBO: 10.00 x 10.10
Order1: Buy 100 @ 10.01 – Non-Retail Priority
Order2: Buy 100 @ 10.01 – Retail Priority, MTP=Cancel Newest, MPID=AAAA
Order3: Sell 100 @ 10.01 – MTP=Cancel Newest, MPID=AAAA
Result: Order3 is canceled to avoid trading with Order2.

Example 9: Retail Priority Orders have priority in Opening Process

Assume orders below are queued for opening cross

Order1: Buy 100 @ 10.01 – Non-Retail Priority
Order2: Buy 100 @ 10.01 – Retail Priority
Order3: Sell 100 @ 9.99
Opening is triggered with 10.00 x 10.01 NBBO
Result: Order2 and Order3 trade 100 @ 10.005.
Order1 is released to book.

Market Data

On the Equities PITCH feeds, the *Customer Indicator* field in the `Add Order` message will be populated with a value of 'R' to indicate a Retail Priority order. The *Customer Indicator* field is new for the Equities TCP PITCH feed. For Retail Priority orders that are not attributed to the order's MPID, EDGX will populate the *ParticipantID* field with 'RTAL'.

Testing Opportunities

Retail priority functionality is currently available for testing in the EDGX Equities certification environment.

Retail Member Organizations

Members who wish to become an RMO should submit a completed [EDGX Retail Member Organization Application](#) to Membership Services at MembershipServices@cboe.com. Only those members who are pre-qualified with Membership Services as RMOs and who have completed the appropriate certification with the Cboe Trade Desk will be authorized to enter Retail orders.

Additional Information

For more information, refer to the following technical specifications:

- [US Equities Multicast PITCH Specification](#)
- [US Equities FIX Specification](#)
- [US Equities BOE Specification](#)
- [US Equities TCP PITCH Specification](#)

Please contact the Cboe Trade Desk, for support or with any questions.

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