



Updates to Complex VIX and VIXW Market Maker Order Handling

Reference ID: C2020041602

Overview

Applicable Cboe Exchange: Cboe Options

Effective April 22, 2020, Cboe Options Exchange ("C1") will implement updates for the handling of complex VIX and VIXW orders with an *OrderCapacity* (47) value of M (Market Maker) or N (Away Market Maker). VIX and VIXW complex orders are only supported on C1.

Technical Details

Upon the effective date, per Cboe Options Exchange Rule 5.33, additional automated system checks will be implemented to confirm whether a complex VIX or VIXW order with an *OrderCapacity* of M or N is eligible to be posted to and rest in the Complex Order Book (COB).

If either of the following conditions are true, the system will allow VIX or VIXW complex orders with a capacity of M or N to be posted and rest in the COB.

- A priority customer complex order (*OrderCapacity* = C) in the same complex strategy as, and on the opposite side of the M or N order, is resting in the COB and has a price that is at or within the SNBBO at the time the incoming order is received.
- Two Complex Order Auctions (COAs) on the same side of the market in the given complex strategy occur within 1000 milliseconds, and the M or N order is on the opposite side of the COA orders, and the M or N order is received no greater than one minute after the conclusion of the second COA.

The system will allow the VIX or VIXW complex order with an *OrderCapacity* of M or N to rest for no more than two minutes after which time the order will be automatically canceled. If the above conditions are not met, the system will reject the order and provide the reason code 'N', which indicates there is no liquidity to execute against.

Testing Opportunities

This new functionality is currently available in the C1 certification environment.

Related Regulatory Report Card

Upon the effective date, the Regulatory Report Card entitled "Market Maker Resting in the COB" will be decommissioned. For questions regarding the content of a specific report, please contact the Cboe Options Regulation Department at optionsurveillance@cboe.com. For questions regarding rule interpretations related to a report, please contact Cboe Regulatory Interpretations at 312-786-8141 or RegInterps@cboe.com.

Additional Information

For additional information, see the documents listed below.

- [US Options FIX Specification](#)
- [US Options Complex Book Process](#)
- [US Customer Web Portal Specification](#)
- [Cboe Options Product Configurations](#)
- [Rules of Cboe Exchange, Inc.](#)

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

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

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