

About this Document

Cboe Australia (CXA) is seeking feedback from users of Cboe BIDS Australia (BIDS AU) and other interested parties on a proposal to adjust the continuous trading hours of BIDS AU to better align with the current ASX auction phases. The trading hours of CXA's other order books are unchanged and not impacted by the proposal.

Please address any feedback to Asika Wickramasinghe at au.compliance@cboe.com by close of business on 13 September 2023.

CXA's intention is to enable this change for the start of trading on 18 September 2023, provided there is no strong negative feedback from stakeholders.

Proposal

CXA proposes to make two changes to the continuous trading market state of BIDS AU:

1. When opening this market state, for ASX symbols, invitations will not be issued and firm orders will not match until after the ASX opening auction for that symbol has completed. Currently, inviting and matching can occur from 10:00, regardless of whether any relevant opening auction has completed on ASX.
2. This market state will now close at 16:00. Currently, this market state closes 16:13.

Accordingly, the market states for BIDS AU will be as follows:

Market State	Scheduled Time	Web & Gateway Login	Order Actions	Executions
Technical Connectivity	06:00 – 06:35	Yes	No	No
Pre-Market	06:35 – 10:00	Yes	Yes	No
Continuous Trading	10:00* – 16:00	Yes	Yes	Yes
Post-Trading Administration	16:00 – 18:55	Yes	No	No
End of Technical Connectivity	19:00 – 06:00	No	No	No

*For ASX symbols, invitations will not be issued and firm orders will not match until after 10:00 and the ASX opening auction for that symbol has completed. The actual commencement for these symbols is variable rather than fixed at 10:00.

To document the change, updates will be made to the CXA Operating Rules: Procedures and the Cboe BIDS Australia Service Description. Draft excerpts of the changes are provided on the following pages.

Justification

CXA has continuously sought to improve the trading experience for users of BIDS. A common area of feedback has been that BIDS AU should not match orders for ASX symbols while that symbol is in an ASX auction phase due to the possibility, albeit remote, of an errant price being struck on BIDS AU. We understand that several participants have configured their algorithms to not send messages to BIDS AU at these times to ensure this. The proposed changes will ensure this outcome occurs equally for all users. We consider it may improve trading outcomes for users, particularly for buy-side users at the time of the opening auction (following BIDS AU's buy-side launch) where, depending on how a buy-side user integrates BIDS Trading into their workflow, there may be a greater risk that conditional messages are automatically mirrored into BIDS AU prior to any relevant opening auction completing.

Questions

In addition to any general comments, CXA invites specific feedback from stakeholders on whether they would prefer a fixed continuous trading commencement time after the end of all ASX opening auctions (and what time this should be) over a variable commencement time for different ASX symbols as currently proposed, noting the staggering and randomisation of the ASX opening auction.

Attachments

1. CXA proposes to update the CXA Operating Rules: Procedures as follows.

P4.2: Hours of Operations

1. Trading phases

1.1 The trading phases for the **Cboe market** are set out below:

Phase	Time AEST (Applicable products)	Supported Functions
Technical Connectivity	06:00 (All products)	<ul style="list-style-type: none"> Commencement of technical connectivity to the Cboe market. Participants may login to the Cboe technical infrastructure.
Pre-Market	06:35 until 10:00 (All products except currency, commodity and index warrants) 06.35 until 09.50 (currency, commodity and index warrants)	<ul style="list-style-type: none"> Participants may check connectivity and details concerning securities available for trading but will <u>not</u> be able to enter orders into the Cboe market; The Cboe trading system will not match orders; Participants may report trades under the rules by the time specified in the Market Integrity Rules.
Continuous Trading	<p>Cboe Market (excluding Cboe BIDS Australia)</p> <p>09:50 until 16:13 (currency, commodity and index warrants)</p> <p>10:00 until 16:13 (All products except currency, commodity and index warrants)</p> <p>Cboe BIDS Australia 10:00** until 16:00</p>	<ul style="list-style-type: none"> Participants may enter orders into the Cboe market, including MOC orders for ASX listed equity market products and debt securities*; Orders are matched in accordance with the rules; Trade reporting is supported in accordance with the rules. **Cboe BIDS Australia only - for ASX listed or quoted products, conditional messages will not be invited to firm-up and orders will not match until after 10:00 and the ASX opening auction for that product has completed. The actual commencement for these symbols is variable rather than fixed at 10:00.
@Last	<p>16:12 until 16:20 (ASX listed equity market products and debt securities)</p> <p>(warrants)</p> <p>Not applicable to Cboe BIDS Australia</p>	<ul style="list-style-type: none"> Participants may only enter MOC orders into the Cboe market in this phase*; Participants may report off market transactions in warrants in accordance with the rules; MOC orders are matched in accordance with the rules*.

Post-Trading Administration	<p>Cboe Market (excluding Cboe BIDS Australia)</p> <p>16:13 until 18:55 (All products)</p> <p>Cboe BIDS Australia 16:00 until 18:55</p>	<ul style="list-style-type: none"> This phase initially operates in parallel with the @Last trading phase (not applicable to Cboe BIDS Australia). The following applies to non-MOC orders during this phase: <ul style="list-style-type: none"> Participants cannot enter or amend orders but may cancel orders; The Cboe trading system does not match orders in this phase; Participants may report trades under the rules; All orders remaining in the Cboe market at the end of this phase will automatically be cancelled.
Technical Connectivity Ends	19:00 (All products)	<ul style="list-style-type: none"> All participant connections to Cboe are closed. Intraday trade cancellations no longer possible.

*MOC orders may not be submitted to Cboe BIDS Australia

2. CXA proposes to update the Cboe BIDS Australia Service Description as follows. Other references to the continuous trading hours in the document will also be updated for consistency.

7 Market Configuration

7.1 Operating Hours & Calendar

Subject to the CXA trading calendar, the services are available from 10:00 to 16:00~~13~~ AEST time with gateways available for connectivity from 6:00 AEST time.

BIDS Instructions may be submitted from 06:35 AEST time to the Cboe BIDS Australia system however matching and invitations will not occur until market open at 10:00 AEST time. However, for ASX symbols, invitations will not be issued and firm orders will not match until after the ASX opening auction for that symbol has also completed. During ASX auction periods, the NBBO used for BIDS trading will be formed by quotes from the CXA lit market.

7.1.1 Market States

Market State	Scheduled Time	Web & Gateway Login	Order Actions	Executions
Technical Connectivity	06:00 – 06:35	Yes	No	No
Pre-Market	06:35 – 10:00	Yes	Yes	No
Continuous Trading	10:00* – 16:00 13	Yes	Yes	Yes
Post-Trading Administration	16:00 13 – 18:55	Yes	No	No
End of Technical Connectivity	19:00 – 06:00	No	No	No

* For ASX symbols, invitations will not be issued and firm orders will not match until after 10:00 and the ASX opening auction for that symbol has completed. The actual commencement for these symbols is variable rather than fixed at 10:00.

The Services will be offered in accordance with the CXA trading calendar.