

Overview

Retail Priority seeks to enhance execution quality for individual investors who trade U.S. equities on the Cboe EDGX Exchange (EDGX). Retail Priority offers a distinct patent-pending allocation model, which differs from the traditional time-based allocation model used by most U.S. equities market centers that allocate trades to orders that arrive first in time at each price point. The Retail Priority model focuses on improving execution quality and trading outcomes for individual investors, and the firms facilitating their orders, by reducing their time to execution. Under the mechanism, individual investors' displayed limit orders will post at the front of the order queue for same-priced orders submitted on Cboe EDGX.

Behavior

Retail Priority changes the order allocation priority model on EDGX to price-retail priority-time priority. Thus, Retail Priority Orders (RPOs) with a Displayed instruction will have priority ahead of all other available interest at a price level.

- RPOs must originate from an attested Retail Member Organization (RMO). An RMO is a Member (or a division thereof) that has been approved by the Exchange under EDGX Rule 11.21 to submit Retail Orders. Pursuant to EDGX Rule 11.21(b), any member may qualify as a Retail Member Organization if it conducts retail business or routes retail orders on behalf of another broker-dealer. RMOs would be required to review their retail customers' activity on at least a quarterly basis to determine whether Retail Orders should be represented as Retail Priority Orders.
- Priority benefits will be offered exclusively to Retail Orders, as defined in Rule 11.21(a)(2), that are entered on behalf of retail investors that does not place more than 390 equity orders a day on average during a calendar month for its own account(s).
- Wholesalers can represent retail orders as priority eligible, as long as they have the ability to query the retail firm that originates the order to them to verify that eligibility.
- Priority will be only be given to Retail Priority Orders with a Displayed instruction and the Reserve portion of Reserve orders. Fully non-Displayed Retail Priority orders will not have priority over non-Displayed non-Retail Priority orders.
- To improve execution quality for Retail Priority orders and to allow non-Retail Priority orders to ascertain their own queue position, all Retail Priority orders will be identified on the EDGX PITCH feed.

Technical Information

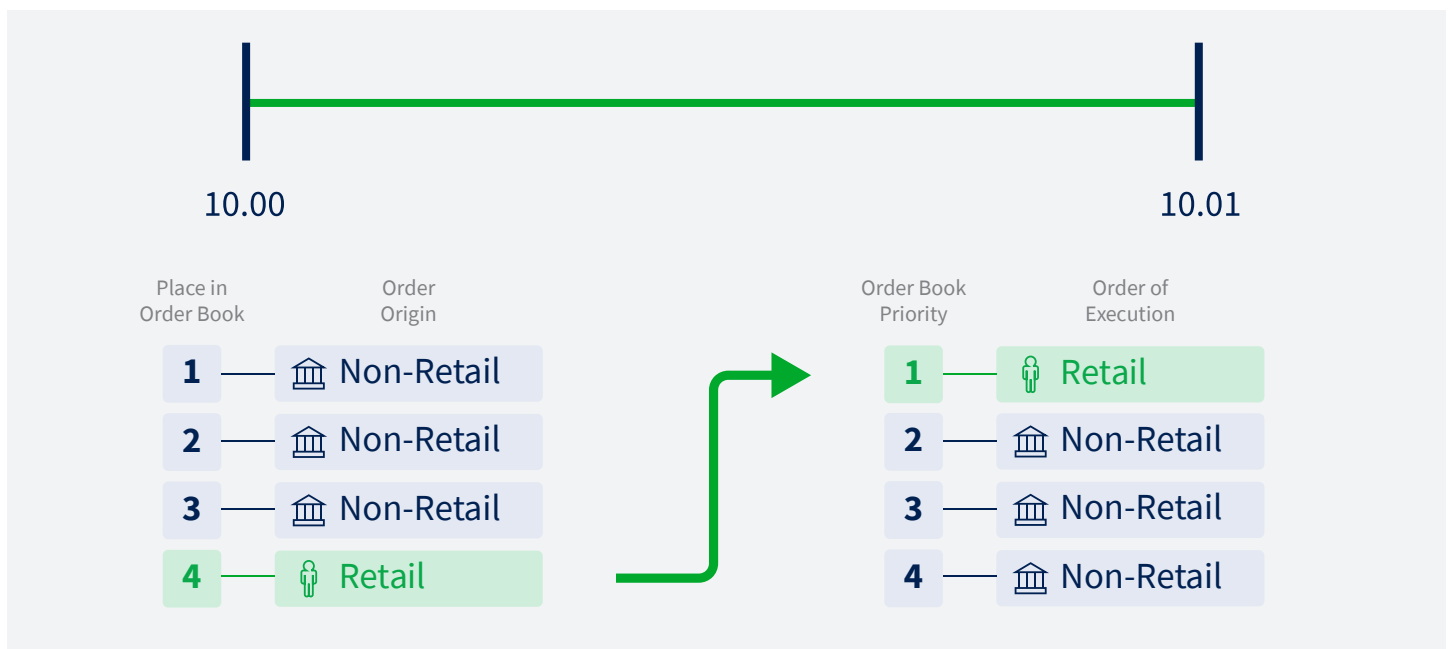
Retail Priority Orders can be initiated using the BOE or FIX protocol by sending the ExtendedExecInst (FIX Tag 9416) = 'X' instruction. Orders so marked will both receive retail priority and be eligible to receive the Retail Order rebate. Ports may be set to default to retail priority using the Default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

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

Example



Please visit Markets.Cboe.com for more details.

General
913.815.7000
Cboe.com

Sales
212.378.8560
sales@Cboe.com

Trade Desk
913.815.7001
tradedesk@Cboe.com