

# RPI on EDGX: Expansion of RPI Offering to Cboe's EDGX Book for Liquidity Providers

## Overview

Cboe is introducing a Retail Price Improvement Program on its EDGX Equities Exchange (EDGX RPI Program), allowing liquidity providers to exclusively interact with retail-attested orders.

The RPI Order will only be permitted to execute against incoming Retail Orders, enabling liquidity providers to capture in-flight retail liquidity that removes upon entry due to market conditions as well as Immediate or Cancel (IOC) retail orders. RPI Orders can be entered in \$0.001 increments or with a MidPoint Peg instruction in securities priced at or above \$1.00.

## Behavior

- **Retail Price Improvement (RPI) Orders** are submitted by liquidity providers that offer price improvement over the NBBO in minimum \$0.001 increments. RPI Orders only interact with incoming Retail Orders.
- **A Retail Liquidity Indicator (RLI) message** will be disseminated on PITCH and SIP feeds showing side and symbol only when there is an RPI Order priced better than the NBBO by at least \$0.001 in a symbol on the EDGX book.

## Examples

### Example 1: RPI Order

- **NBBO:** \$10.00 x \$10.05 (Midpoint=\$10.025)
- **Order 1:** Displayed limit order to buy 100 shares at \$10.00.
- **Order 2:** RPI Order to buy 100 shares at \$10.001. Order 2 (RPI Order) is posted to the EDGX Book and ranked at a price of \$10.001, non-displayed. The RPI Indicator is displayed for Order 2 (RPI Order).
- **Order 3:** Retail Order to sell 100 shares at \$10.00.
- **Result:** Order 3 (Retail Order) executes against Order 2 (RPI Order) at a price of \$10.001. Order 2 (RPI Order) has price priority over Order 1 (displayed limit order) because Order 2 (RPI Order) is ranked at \$10.001 while Order 1 is ranked at \$10.00. Order 3 (Retail Order) received \$0.001 of price improvement by executing with Order 2.

### Example 2: RPI with MidPoint Peg

- **NBBO:** \$10.00 x \$10.05 (Midpoint=\$10.025)
- **Order 1:** Displayed limit order to buy 100 shares at \$10.00.
- **Order 2:** RPI MidPoint Peg Order to buy 100 shares at \$10.03. RPI MidPoint Peg Order is posted to the EDGX Book and ranked at a price of \$10.025, non-displayed. The RPI Indicator is displayed for Order 2 (RPI MidPoint Peg Order).
- **Order 3:** Retail Order to buy 100 shares at \$10.00.
- **Result:** Order 3 (Retail Order) executes against Order 2 (RPI MidPoint Peg Order) at a price of \$10.025. Order 2 (RPI MidPoint Peg Order) has price priority over Order 1 (displayed limit order). Order 3 (Retail Order) receives \$0.025 of price improvement by executing with Order 2.



## Technical Information

### Retail Price Improving order:

- Must set RoutingInst (9303) = 'B' or 'P'
- Must set ExtendedExecInst (9416) = 'T' (Retail Price Improving order)
- DisplayIndicator (9479) = 'I' is implied but, like peg orders, not required; any other values for DisplayIndicator will be rejected.

### Retail Price Improving Peg order:

- Must set RoutingInst (9303) = 'B' or 'P'
- Must set ExtendedExecInst (9416) = 'T' (Retail Price Improving order)
- Must set ExecInst (18) = 'R' (Primary Peg)
- Must set PegDifference (211). Price may be in \$0.001 increments.
- DisplayIndicator (9479) = 'I' is implied but, like peg orders, not required; any other values for DisplayIndicator will be rejected. Must set PegDifference (211). Price may be in \$0.001 increments

### Retail Price Improving Midpoint Peg order:

- Must set RoutingInst (9303) = 'B' or 'P'
- Must set ExtendedExecInst (9416) = 'T' (Retail Price Improving order)
- Must set ExecInst (18) = 'M' (Midpoint Peg)
- DisplayIndicator (9479) = 'I' is implied but, like peg orders, not required; any other values for DisplayIndicator will be rejected.

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