CFE Regulatory Circular 22-004

Date: **June 24, 2022**

Exchanges: **CFE**

Markets: **Futures**

To: **Trading Privilege Holders and Other Market Participants**

Re: **Disruptive Trading Practices**

Replaces CFE Regulatory Circular RG21-001

Cboe Futures Exchange, LLC ("CFE" or "Exchange") is issuing this Regulatory Circular to highlight certain prohibited conduct related to messaging activity.

Prohibited Messaging Activity

CFE considers the following (among other) activity to be prohibited by current CFE rules, including CFE Rule 620, *Disruptive Practices*, Policy and Procedure XVIII, *Disruptive Trading Practices*, of the Policies and Procedures Section of the CFE Rulebook, and CFE Rule 608, *Acts Detrimental to the Exchange, Acts Inconsistent with Just and Equitable Principles of Trade; Abusive Practices*:

- engaging in a pattern and practice of submitting partial messages for the purpose of seeking to reduce latency; and/or
- purposefully corrupting or constructing malformed data packets submitted to the Exchange.

Each order or quote message that a Trading Privilege Holder ("TPH") submits to the Exchange must contain the minimum information identified in the Exchange's technical specifications.[1]

CFE Policy and Procedure XVIII provides a non-exhaustive list of various examples of conduct that may be found to violate CFE Rule 620, including for example:

- A market participant engages in a trading strategy where the market participant's trading system is designed to purposefully send to the Exchange untradeable Orders[2] or Orders that have no reasonable probability of trading. For example, prior to the occurrence of an event or signal, the market participant's trading system begins transmitting to the Exchange data necessary for an Order message (e.g., Ethernet frame; TCP packet; etc.). The trading system is designed so that if the event or signal does not occur as expected, the trading system will

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[1] *See* CFE BOE v3 Specification and CFE FIX Specification for required order or quote message information.

[2] Chapter 1 of the CFE Rulebook defines "Order" to include the various CFE order types, including a Cancel Order. Under CFE Rule 404(b)(ii)(A), the term "Order" also includes a Quote, unless otherwise specified.

complete the partially transmitted data and successfully submit an Order message to the Exchange. However, because the event or signal did not occur as expected, the trading system is designed to render the completed Order message untradeable or improbable of trading. This may be accomplished, for example, by submitting the Order message as a Fill or Kill Order type with a price or quantity that causes the Order to immediately be cancelled by the trading platform. This may also be accomplished, for example, by submitting the Order message at an off-market price, deep in the order book, and intending to cancel that Order prior to execution. The practice of purposefully sending untradeable Orders or Orders that have no reasonable probability of trading may violate CFE Rule 620(b)(iv). Further, it is a violation of CFE Rule 620(b)(i) if the market participant intends, at the time of Order entry, to cancel the Order prior to execution.

Note also in this regard that CFE Rule 513(d) provides that TPHs may utilize test symbols in the CFE System production environment solely for legitimate testing purposes.

- A market participant engages in a trading strategy where the market participant's trading system is designed to purposefully submit malformed data across one or more physical connections to the Exchange. For example, based on information received, the participant's trading system begins constructing an order message (e.g., an Ethernet Frame, TCP or IP packet, etc.). The trading system is designed so that if further information is received during construction that negates the desire or need to trade the order being constructed, the trading system will stop construction and submit the incomplete data to the Exchange. Because the incomplete data (e.g., a TCP/IP packet missing required TCP or IP fields such as Sequence Number or Destination Port) cannot be properly processed by a network switch or receiving device at the logical or physical entry point to the CFE System, the receiving device will discard the data. If no further information is received by the trading system during construction that would negate the desire or need to trade the order, the trading system will complete construction of, and submit, the data so that an Order message from the trading system is able to reach the CFE System. The practice of submitting to the Exchange purposefully incomplete or malformed data packets has the potential to disrupt the systems of the Exchange and may violate CFE Rule 620(b)(iv).

CFE Rule Provisions Relating to Disruptive Trading Practices

CFE has extensive rule provisions regarding prohibited disruptive trading practices which address various types of activity that may be similar in nature to the above-referenced activity. CFE is including the full provisions of CFE Rule 620 and CFE Policy and Procedure XVIII for reference as an attachment to this Regulatory Circular.

Additional Information

This Regulatory Circular is not intended to provide a comprehensive description of what constitutes disruptive trading practices. TPHs should refer to the CFE Rulebook and the Policies & Procedures Section of the CFE Rulebook for additional detail.

Any questions regarding this Regulatory Circular may be referred to CFE Regulatory Interpretations at CFERegInterps@cboe.com or 312.786.7229.

CFE Rule 620. Disruptive Practices

(a) No Trading Privilege Holder, Related Party or Market Participant shall engage in any trading, practice or conduct on the Exchange or subject to the Rules of the Exchange that:

(i) Violates bids or offers;

(ii) Demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period; or

(iii) Is, is of the character of, or is commonly known to the trade as "spoofing" (bidding or offering with the intent to cancel the bid or offer before execution).

(b) All Orders must be entered for the purpose of executing bona fide transactions. Additionally, all non-actionable messages must be entered in good faith for legitimate purposes.

(i) No Person shall enter or cause to be entered an Order with the intent, at the time of entry, to cancel the Order before execution or to modify the Order to avoid execution;

(ii) No Person shall enter or cause to be entered an actionable or non-actionable message(s) with intent to mislead other market participants;

(iii) No Person shall enter or cause to be entered an actionable or non-actionable message(s) with intent to overload or delay the systems of the Exchange or other market participants;

(iv) No Person shall intentionally or recklessly submit or cause to be submitted an actionable or non-actionable message(s) that has the potential to disrupt the systems of the Exchange or other market participants; and

(v) No Person shall enter or cause to be entered an actionable or non-actionable message(s) with intent to disrupt, or with reckless disregard for the adverse impact on, the orderly conduct of trading or the fair execution of transactions.

The provisions of this Rule apply to all market states, including the pre-opening period, the closing period, and all trading sessions.

CFE Policy and Procedure XVIII. Disruptive Trading Practices (Rule 6.20)

Rule 620 prohibits disruptive trading practices as described by the Rule. The following are a non-exclusive list of factors that the Exchange may consider in assessing whether conduct violates Rule 620.

A. Factors the Exchange may consider in assessing whether conduct violates Rule 620

The Exchange may consider a variety of factors in assessing whether conduct violates Rule 620, including, but not limited to:

- whether the market participant's intent was to induce others to trade when they otherwise would not;
- whether the market participant's intent was to affect a price rather than to change the market participant's position;
- whether the market participant's intent was to create misleading market conditions;
- market conditions in the impacted market(s) and related markets;
- the effect on other market participants;
- the market participant's historical pattern of activity;
- the market participant's Order entry and cancellation activity;
- the size of the Order(s) relative to market conditions at the time the Order(s) was placed;
- the size of the Order(s) relative to the market participant's position and/or capitalization;
- the number of Orders;
- the ability of the market participant to manage the risk associated with the Order(s) if fully executed;
- the duration for which the Order(s) is exposed to the market;
- the duration between, and frequency of, non-actionable messages;
- the queue position or priority of the Order in the order book;
- the prices of preceding and succeeding bids, offers, and trades;
- the change in the best offer price, best bid price, or last sale price that results from the entry of the Order;
- the market participant's activity in related markets; and
- industry best practices regarding the design, testing, implementation, operation, change management, monitoring and documentation of automated trading systems.

B. <u>Meaning of the term "misleading" in the context of Rule 620(b)(ii)</u>

The language is intended to be a more specific statement of the general requirement that market participants are not permitted to act in violation of just and equitable principles of trade. This section of the Rule prohibits a market participant from entering Orders or messages with the intent of creating

the false impression of market depth or market interest. The Exchange generally will find the requisite intent where the purpose of the participant's conduct was, for example, to induce another market participant to engage in market activity.

C. Specific amount of time an Order should be exposed to the market

Although the amount of time an Order is exposed to the market may be a factor that is considered when determining whether the Order constituted a disruptive trading practice, there is no prescribed safe harbor. The Exchange will consider a variety of factors, including exposure time, to determine whether an Order or Orders constitute a disruptive practice.

D. Modification or cancellation of an Order once it has been entered

An Order, entered with the intent to execute a bona fide transaction, that is subsequently modified or cancelled due to a perceived change in circumstances does not constitute a violation of Rule 620.

E. Orders entered by mistake or error

An unintentional, accidental, or "fat-finger" Order will not typically constitute a violation of Rule 620, but such activity may be a violation of other Exchange rules, including, but not limited to, Rule 608 (Acts Detrimental to the Exchange; Acts Inconsistent with Just and Equitable Principles of Trade; Abusive Practices). Market participants are expected to take reasonable steps or otherwise have controls to prevent, detect and mitigate the occurrence of errors, market disruptions and system anomalies and their impact on the market. This is particularly true for entities that run algorithmic trading applications, or otherwise submit large numbers of automated Orders to the market. Failure to take reasonable steps to prevent, detect and mitigate such errors, market disruptions, system anomalies or impacts may violate Rule 609 (Supervision) or other Exchange rules.

F. Partial fill of an Order

While execution of an Order, in part or in full, may be one indication that an Order was entered in good faith, an execution does not automatically cause the Order to be considered compliant with Rule 620. Orders must be entered in an attempt to consummate a trade. A variety of factors may lead to a violative Order ultimately achieving an execution. The Exchange will consider a multitude of factors in assessing whether Rule 620 has been violated.

G. Making a two-sided market with unequal quantities (e.g., 100 bid at 10 offered)

Market participants are not precluded from making unequal markets as long as the Orders are entered for the purpose of executing bona fide transactions. If either (or both) Order(s) are entered with prohibited intent, including recklessness, such activity will constitute a violation of Rule 620.

H. Stop Limit Orders entered for purposes of protecting a position

Market participants may enter Stop Limit Orders as a means of minimizing potential losses with the hope that the Order will not be triggered. However, it must be the intent of the market participant that

the Order will be executed if the specified condition is met. Such an order entry is not prohibited by this Rule.

I. Entering Order(s) at various price levels throughout the order book in order to gain queue position and subsequently canceling those Orders as the market changes

It is understood that market participants may want to achieve queue position at certain price levels, and given changing market conditions may wish to modify or cancel those Orders. In the absence of other indicia that the Orders were entered for disruptive purposes, they would not constitute a violation of Rule 620.

J. "Actionable" and "non-actionable messages in relation to Rule 620(b)(ii), (iii), and (iv)

Actionable messages are messages that can be accepted by another party or lead to the execution of a trade or cancelation of an Order. An example of an actionable message is an Order message. Non-actionable messages are those messages submitted to the Exchange that relate to a non-actionable event. Examples of non-actionable messages include heartbeat messages transmitted to the CFE System, the entry of Orders in test products, and network packets that are incomplete, partial, corrupt, or otherwise unable to be processed by the Exchange.

K. The Exchange's definition of "orderly conduct of trading or the fair execution of transactions"

Whether a market participant intends to disrupt the orderly conduct of trading or the fair execution of transactions or demonstrates a reckless disregard for the orderly conduct of trading or the fair execution of transactions may be evaluated only in the context of the specific instrument, market conditions, and other circumstances present at the time in question. Some of the factors that may be considered in determining whether there was orderly conduct or the fair execution of transactions were described by the Commission as follows: "[A]n orderly market may be characterized by, among other things, parameters such as a rational relationship between consecutive prices, a strong correlation between price changes and the volume of trades, levels of volatility that do not dramatically reduce liquidity, accurate relationships between the price of a derivative and the underlying such as a physical commodity or financial instrument, and reasonable spreads between contracts for near months and for remote months." Antidisruptive Practices Authority, 78 Fed. Reg. at 31,895-96. Additional factors that may be considered include, but are not limited to, the impact to other market participants' ability to trade, engage in price discovery or manage risk. Volatility alone, however, will not be presumptively interpreted as disorderly or disruptive as market volatility can be consistent with markets performing their price discovery function.

L. Entering Orders that may be considered large for a particular market, and thus may have a potential impact on the market

The size of an Order or cumulative Orders may be deemed to violate Rule 620 if the entry results in disorderliness in the markets, including, but not limited to, price or volume aberrations. Market participants should further be aware that the size of an Order may be deemed to violate Rule 620 if that Order distorts the integrity of the settlement prices. Accordingly, market participants should be

cognizant of the market characteristics of the products they trade and ensure that their Order entry activity does not result in market disruptions. Exigent circumstances may be considered in determining whether a violation of Rule 620 has occurred and, if so, what the appropriate sanction should be for such violation.

M. Meaning of the "closing period" in Rule 620

"Closing period" typically refers to the period during which transactions, bids, and offers are reviewed for purposes of informing settlement price determinations.

N. Factors the Exchange will consider in determining if an act was done with the prohibited intent or reckless disregard of the consequences

Proof of intent is not limited to instances in which a market participant admits the market participant's state of mind. Where the conduct was such that it more likely than not was intended to produce a prohibited disruptive consequence, intent may be found. Claims of ignorance, or lack of knowledge, are not acceptable defenses to intentional or reckless conduct. Recklessness has been commonly defined as conduct that "departs so far from the standards of ordinary care that it is very difficult to believe the actor was not aware of what he or she was doing." *See Drexel Burnham Lambert, Inc. v. CFTC,* 850 F.2d 742, 748 (D.C. Cir. 1988).

O. Orders entered for the purpose of igniting momentum in the market

A "momentum ignition" strategy occurs when a market participant initiates a series of Orders or trades in an attempt to ignite a price movement in that market or a related market.

This conduct may be deemed to violate Rule 620 if it is determined the intent was to disrupt the orderly conduct of trading or the fair execution of transactions, if the conduct was reckless, or if the conduct distorted the integrity of the determination of settlement prices. Further, this activity may violate Rule 620(b)(i) if the momentum igniting Orders were intended to be canceled before execution, or if the Orders were intended to mislead others. If the conduct was intended to create artificially high or low prices, this may also constitute a violation of Rule 603 (Market Manipulation).

P. "Flipping" Orders

Flipping is defined as the entry of Orders or trades for the purpose of causing turns of the market and the creation of volatility and/or instability.

A "flip" Order typically has two main characteristics. First, it is an aggressor Order (i.e., an Order that takes liquidity). Second, shortly before the entry of the Order, the market participant cancels an Order(s) on the opposite side of the market, typically at the same price as the aggressor Order. The market participant, for example, has flipped from offering to bidding at the same price. The Exchange recognizes there are many variables that can cause a market participant to change that market participant's perspective of the market. This Rule, therefore, does not prohibit a market participant from changing that market participant's bias from short (long) to long (short).

Flipping activity may, however, be disruptive to the marketplace. For example, repeated instances of a market participant entering flipping Orders that are each large enough to turn the market (i.e., being of a sufficient quantity to sweep the entire quantity on the book at the particular price level and create a new best bid or best offer price with any remaining quantity from the aggressor flipping Order) can be disruptive to the orderly conduct of trading or the fair execution of transactions. In considering whether this conduct violates Rule 620, the Exchange would consider, among other factors:

- the impact on other market participants;
- price fluctuations;
- market conditions in the impacted market(s) and related markets;
- the participant's activity in related markets;
- whether the flip involved the cancellation of a large sized Order(s) relative to the existing bid or offer depth; and
- whether repeated flipping turns the market back and forth (e.g., the first flip turns the market in favor of the offer (bid) and the second flip turns the market in favor of the bid (offer)).

Q. <u>Cancelling an Order via the Exchange's Match Trade Prevention functionality or other self-match prevention technology</u>

The means by which an Order is cancelled, in and of itself, is not an indicator of whether an Order violates Rule 620. The use of match trade prevention functionality in a manner that causes a disruption to the market may constitute a violation of Rule 620. Further, if the resting Order that was cancelled was non-bona fide *ab initio*, it would be considered to have been entered in violation of Rule 620.

R. <u>Type of pre-open activity prohibited by Rule 620</u>

Orders entered during the pre-opening period or opening process must be entered for the purpose of executing bona fide transactions upon the opening of the market.

The entry and cancellation of Orders during the pre-opening period or opening process for the purpose of either manipulating the expected opening price or attempting to identify the depth of the order book at different price levels is prohibited and may be deemed a violation of Rule 620 or other rules.

Other activity related to the pre-opening period may also be considered disruptive, including but not limited to the entry of orders prior to the commencement of the pre-opening period in an attempt to "time" the price-time priority queue for Trade at Settlement ("TAS") transactions, or other similar purposes. For example, during the time period between Exchange Business Days for a product, the entry into the CFE System of a TAS Order in that product prior to the time at which the CFE System disseminates the first Pre-Opening Notice under Rule 405A(a) for TAS Orders in that product is prohibited and may be deemed a violation of Rule 620, Rule 404A(c) or other rules. The CFE System disseminates a Pre-Opening Notice for each TAS Contract, and the first Pre-Opening Notice for a TAS

Contract in a product is the Pre-Opening Notice that establishes the time at which TAS Orders may be submitted for all TAS Contacts in that product.

S. Orders entered into the CFE System for the purpose of testing, such as to verify a connection to the CFE System or a data feed from the CFE System

The Exchange provides a testing environment and test symbols in the CFE System for Trading Privilege Holders to use for the purpose of testing. The entering of an Order(s) other than in a test environment or test symbol without the intent to execute a bona fide transaction, including for the purpose of verifying connectivity or checking a data feed, is not permissible. This prohibition does not preclude a market participant from entering a bona fide Order that is intended to be executed and where such execution may also serve some other risk management purpose, such as verifying the flow of the executed trades through the market participant's back-office systems.

T. Trading in spreads for the purposes of deceiving or disadvantaging other market participants

Market participants are reminded that knowingly trading spreads in a manner intended to deceive or unfairly disadvantage other market participants is considered a violation of Rule 620.

U. Submission of partial messages to reduce latency or purposeful submission of intentionally corrupted or malformed of data packets

Engaging in a pattern and practice of submitting partial messages for the purpose of seeking to reduce latency has the potential to disrupt the systems of the Exchange. Purposefully submitting intentionally corrupted malformed data packets also has the potential to disrupt the systems of the Exchange. The Exchange considers any market participant engaging in either of these practices as part of a trading strategy to have recklessly disregarded the potential to disrupt the systems of the Exchange in violation of Rule 620(b)(iv).

V. Consideration of market conditions when executing an Order on behalf of a customer or employer pursuant to their instructions

Brokers and execution clerks are obligated to comply with Rule 620 and to consider market conditions when executing an Order on behalf of a customer or employer pursuant to their instructions. The instructions of a customer or employer do not negate the obligation for brokers and execution clerks to comply with Rule 620.

W. Direct and Indirect Prohibited Activity

Prohibited activity encompassed by Rule 620 in relation to any Contract may occur directly through any trading, practice or conduct in the market for that Contract that is prohibited by Rule 620. Prohibited activity encompassed by Rule 620 in relation to any Contract may also occur indirectly through any trading, practice or conduct in the market of any commodity, security, index or benchmark underlying that Contract, regardless of the exchange on or market in which the underlying is transacted, that would

be prohibited by Rule 620 if it were done in that Contract and that has an impact in relation to that Contract or the market in that Contract.

X. Examples of Prohibited Activity

The following is a non-exhaustive list of various examples of conduct that may be found to violate Rule 620.

- A market participant enters one or more Orders to generate selling or buying interest in a specific contract. By entering the Orders, often in substantial size relative to the contract's overall pending order volume, the market participant creates a misleading and artificial appearance of buy- or sell-side pressure. The market participant places these large Orders at or near the best bid and offer prevailing in the market at the time. The market participant benefits from the market's reaction by either receiving an execution on an already resting Order on the opposite side of the book from the larger Order(s) or by obtaining an execution by entering an opposing side Order subsequent to the market's reaction. Once the smaller Orders are filled, the market participant cancels the large Orders that had been designed to create the false appearance of market activity. Placing a bona fide Order on one side of the market while entering Order(s) on the other side of the market without intention to trade those Orders violates Rule 620.

- A market participant places buy (or sell) Orders that the market participant intends to have executed, and then immediately enters numerous sell (or buy) Orders for the purpose of attracting interest to the resting Orders. The market participant placed these subsequent Orders to induce or trick other market participants to execute against the initial Order. Immediately after the execution against the resting Order, the market participant cancels the open Orders.

- A market participant enters one or more Orders in a particular market (Market A) to identify algorithmic activity in a related market (Market B). Knowing how the algorithm will react to order activity in Market A, the participant first enters an Order or Orders in Market B that the market participant anticipates would be filled opposite the algorithm when ignited. The participant then enters an Order or Orders in Market A for the purpose of igniting the algorithm and creating momentum in Market B. This results in the market participant's Order(s) in Market B being filled opposite the algorithm. This conduct violates Rule 620(b)(i), as the Orders in Market A were not intended to be executed, and Rule 620(b)(ii), as the Orders in Market A were intended to mislead participants in related markets. If the conduct resulted in a disruption to the orderly execution of transactions, it may also violate Rule 620(b)(iv).

- A market participant enters a large aggressor buy (sell) Order at the best offer (bid) price, trading opposite the resting sell (buy) Orders in the book, which results in the remainder of the original aggressor Order resting first in the queue at the new best bid (offer). As the market participant anticipated and intended, other participants join the market participant's best bid (offer) behind the market participant in the queue. The market participant then enters a large aggressor sell (buy) Order into the market participant's now resting buy (sell) Order at the top of the book. The market participant's use of the Exchange's match trade prevention

functionality or other wash blocking functionality cancels the market participant's resting buy (sell) Order, such that market participant's aggressor sell (buy) Order then trades opposite the Orders that joined and were behind the market participant's best bid (offer) in the book.

- A market participant places large quantity Orders during the pre-opening period in an effort to artificially increase or decrease the EOP with the intent to attract other market participants. Once others join the market participant's bid or offer, the market participant cancels the market participant's Orders shortly before the opening.

- During the pre-opening period, a market participant enters a large Order priced at a bid higher than the existing best bid or at an offer lower than the existing best offer, and continues to systematically enter successive Orders priced further through the book until it causes a movement in the best bid or best offer. These Orders are subsequently cancelled. The market participant continues to employ this strategy on both sides of the market for the purpose of determining the depth of support at a specific price level for the product before the market opens.

- A market participant enters a large number of messages for the purpose of overloading the quotation systems of other market participants with excessive market data messages to create "information arbitrage."

- A market participant enters messages for the purpose of creating latencies in the market or in information dissemination by the Exchange for the purpose of disrupting the orderly functioning of the market.

- A market participant engages in a trading strategy where the market participant's trading system is designed to purposefully corrupt data sent across one or more physical connections to the Exchange. For example, prior to the occurrence of an event or signal, the market participant's trading system begins transmitting to the Exchange data necessary for an Order message (e.g., Ethernet frame; Internet Protocol (IP) packet; Transmission Control Protocol (TCP) packet; etc.). The trading system is designed so that if the event or signal does not occur as expected, the trading system will corrupt the partially transmitted data, for instance by invalidating the Frame Check Sequence (FCS) checksum causing the packet or Ethernet frame to be dropped by a network switch or receiving device at the logical or physical entry point to the CFE System. If the event does occur as expected, the trading system will complete the partially transmitted data so that an Order message from the trading system is able to reach the Exchange trading platform. The practice of purposefully corrupting data packets submitted to the Exchange has the potential to disrupt the systems of the exchange and may violate Rule 620(b)(iv).

- A market participant engages in a trading strategy where the market participant's trading system is designed to purposefully send to the Exchange untradeable Orders or Orders that have no reasonable probability of trading. For example, prior to the occurrence of an event or signal, the market participant's trading system begins transmitting to the Exchange data necessary for an Order message (e.g., Ethernet frame; TCP packet; etc.). The trading system is designed so that if the event or signal does not occur as expected, the trading system will

complete the partially transmitted data and successfully submit an Order message to the Exchange. However, because the event or signal did not occur as expected, the trading system is designed to render the completed Order message untradeable or improbable of trading. This may be accomplished, for example, by submitting the Order message as a Fill or Kill Order type with a price or quantity that causes the Order to immediately be cancelled by the trading platform. This may also be accomplished, for example, by submitting the Order message at an off-market price, deep in the order book, and intending to cancel that Order prior to execution. The practice of purposefully sending untradeable Orders or Orders that have no reasonable probability of trading may violate Rule 620(b)(iv). Further, it is a violation of Rule 620(b)(i) if the market participant intends, at the time of Order entry, to cancel the Order prior to execution.

- A market participant engages in a trading strategy where the market participant's trading system is designed to purposefully submit malformed data across one or more physical connections to the Exchange. For example, based on information received, the participant's trading system begins constructing an order message (e.g., an Ethernet Frame, TCP or IP packet, etc.). The trading system is designed so that if further information is received during construction that negates the desire or need to trade the order being constructed, the trading system will stop construction and submit the incomplete data to the Exchange. Because the incomplete data (e.g., a TCP/IP packet missing required TCP or IP fields such as Sequence Number or Destination Port) cannot be properly processed by a network switch or receiving device at the logical or physical entry point to the CFE System, the receiving device will discard the data. If no further information is received by the trading system during construction that would negate the desire or need to trade the order, the trading system will complete construction of, and submit, the data so that an Order message from the trading system is able to reach the CFE System. The practice of submitting to the Exchange purposefully incomplete or malformed data packets has the potential to disrupt the systems of the Exchange and may violate Rule 620(b)(iv).