



## Regulatory Circular 25-011

**Date:** October 13, 2025

**Exchanges:** Cboe Options, C2 Options, BZX Options and EDGX Options

**Markets:** Options

**To:** Trading Permit Holders and Members

**Re:** Legging Complex and Other Multi-Part Orders

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Cboe Options, C2 Options, BZX Options and EDGX Options (“Cboe Options Exchanges”) are issuing this Regulatory Circular to remind Trading Permit Holders and Members (collectively “Members”) of applicable rules related to legging multi-part orders, including complex orders, stock-option orders, and futures and option orders where one of the legs is executed on a Cboe Options Exchange.

### Background

In general, a Member may leg multi-part orders either electronically or in open outcry consistent with applicable rules of the Cboe Options Exchanges (“Rules”). While all options trading includes risk, there are additional risks inherent in legging multi-part orders related to timing of the executions and potential for price movement (e.g., execution risk). As with any order, a Member who chooses to leg a multi-part order must demonstrate due diligence to execute the order at the best prices available to them in accordance with the Rules (including but not limited to rules pertaining to order exposure and priority). Failure to do so may be a violation of applicable Exchange rules, including but not limited to Cboe Options and C2 Options Rules 8.1, *Just and Equitable Principles of Trade*,<sup>1</sup> Cboe Options Rule 5.91, *Floor Broker Responsibilities*, BZX and EDGX Rules 3.1, *Business Conduct of Members*, and BZX and EDGX Rules 12.11, *Best Execution*, as applicable.

### Legging of Solicited Transactions Prohibited

The Rules prohibit the solicitation<sup>2</sup> and subsequent legging of a multi-part order because, among other things, the parties to the solicitation are in possession of material non-public information regarding the order(s) to the disadvantage of other market participants, which inhibits meaningful market competition. Various Rules contain provisions prohibiting the solicitation and subsequent legging of a complex order, such as:<sup>3</sup>

- Cboe Options Rule 5.9, *Order Exposure*, which provides Members may not execute as principal orders they represent as agent unless: (1) the Member first exposes the agency order on the System for at least one second; (2) the Member has been bidding and offering for at least one second prior to receiving an agency order that is executable against such bid or offer; or (3) the Member crosses the principal order and agency order pursuant to crossing procedures set out in the Exchange Rules. Rule 5.9 also provides that Members must expose orders they represent as

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<sup>1</sup> Cboe Options Rule 8.1 is incorporated by reference within Chapter 8 of the C2 Options Rulebook.

<sup>2</sup> “Solicitation” is used throughout and includes a solicitation or facilitation order.

<sup>3</sup> Cboe Options Rules are described herein for illustrative purposes. The Rules of C2 Options, BZX Options, and EDGX Options are applicable to trading on the respective Exchanges but may vary slightly in their language and/or interpretation.

agent for at least one second before such orders may, in whole or in part, execute electronically against orders solicited from Members and non-Member broker-dealers to transact with such agency orders.

**It is not sufficient for purposes of complying with the above order exposure requirements, to expose, as separate orders, the various components of a multi-leg order. Customer preference and/or best execution do not negate the need for order exposure and market competition.**

- Cboe Options Rule 5.86(e), *Trading based on knowledge of imminent undisclosed solicited transaction*, which provides that it will be considered conduct inconsistent with just and equitable principles of trade and a violation of Cboe Options Rule 8.1, *Just and Equitable Principles of Trade*, for any Member or person associated with a Member, who has knowledge of all material terms and conditions of an original order and a solicited order, including a facilitation order, that matches the original order's limit, the execution of which is imminent, to enter, based on such knowledge of an order to buy or sell the security underlying such class, or an order to buy or sell any related instrument until either: (1) all the terms and conditions of the original order and any changes in the terms and conditions of the original order of which that Member or associated person has knowledge are disclosed to the trading crowd; or (2) the solicited trade can no longer reasonably be considered imminent in view of the passage of time since the solicitation. Note, disclosing all the terms of the original order and any changes in the terms and conditions of the original order to the crowd prior to effecting a trade does not provide a safe harbor from possible violations of frontrunning prohibitions.<sup>4</sup>

**The phrase "terms and conditions," as used in Rule 5.86 refers to among other things any components related to the order (e.g., stock, options, futures or other related instruments or interests).**

- Interpretation and Policy .01 of Cboe Options Rule 8.10, *Prevention of the Misuse of Material, Nonpublic Information*, which provides that conduct constituting the misuse of material, nonpublic information in violation of the Exchange Act of 1934 and Exchange Rules including, but is not limited to, trading in options (among other products) while in possession of material nonpublic information concerning imminent transactions in those or related options.

#### **Additional Information**

For questions related to this Regulatory Circular, please contact Regulatory Interpretations at [reginterps@cboe.com](mailto:reginterps@cboe.com) or 312.786.8141.

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<sup>4</sup> For complete details regarding Cboe Options's frontrunning policy and additional examples of prohibited activity, please see Regulatory Circular [RC25-010](#).