



## CBOE Bats Introduces New Risk Features, Stop Orders and Other Enhancements to BZX and EDGX Options Exchanges

### Overview

As part of the previously announced migration of the C2 Options Exchange to the Bats technology platform, the BZX and EDGX Options Exchanges will phase in the following enhancements via two Feature Pack releases, the first to be released on **October 6, 2017**.

### **Feature Pack 1 Summary** *(Effective October 6, 2017) (pending regulatory approval)*

- ContraBroker (*FIX Tag 375*) will be **updated** to reflect the contra side OCC Clearing Number on all internally matched executions. This new default behavior will apply to all orders sent under each specific EFID. Users may opt-out of disclosing their OCC Clearing Number to the counterparty by submitting a request to the [CBOE Trade Desk](#) to modify the default behavior on a per clearing EFID basis.
- ContraTrader (*FIX Tag 337*) will be **introduced** to reflect the contra side EFID (*OnBehalfOfCompld*) on all internally matched executions. This new default behavior will apply to all orders sent under each specific EFID. Users may opt-out of disclosing their EFID to the counterparty by submitting a request to the [CBOE Trade Desk](#) to modify the default behavior on a per clearing EFID basis.
- Stop and Stop Limit orders will be **introduced** on the EDGX Options Exchange. The current behavior of Stop and Stop Limit orders will be **updated** to match the C2 Options behavior of triggering Stop Orders off bids and offers in addition to executions. Complex executions outside of the NBBO will not trigger Stop Orders.
- Open/Close (*FIX Tag 77*) will be **updated** to allow Market Makers either to specify a value of "N" (None) for FIX and BOE protocols, or to not specify a value for FIX protocol.
- Post Only Behavior will be **updated**, on EDGX Options only, such that orders with DisplayIndicator (*Fix Tag 9479*) = R will be cancelled back even if they would be immediately executable with price improvement.

## Feature Pack 2 Summary *(Effective December 8, 2017) (pending regulatory approval)*

### ➤ Risk Enhancements

- Market Order NBBO Width Protection will be **introduced** which will result in Market Orders being rejected if the NBBO width is greater than 100% of the midpoint (with a minimum value of \$5.00 and maximum value of \$10.00):

*Example:*

- NBBO = 1.00 x 4.00
  - Midpoint = 2.50 x 100% = \$2.50 (min of \$5.00 is used instead)
  - NBBO Width = 4.00 - 1.00 = 3.00
  - Even though the width is greater than 100% of the midpoint, Market Orders entered would be accepted since the \$5.00 minimum will apply in this example.
- Drill-Through Protection for Limit Orders will be **introduced** and will **replace** the existing Market Order Collars of 5% or \$0.50 through the NBBO.
  - The Drill-Through check will allow orders to be executed up to a maximum price through the contra side NBBO at time of order entry:

Range	Max Value
\$0.00 - \$1.99	\$0.15
\$2.00 - \$5.00	\$0.30
\$5.01 - \$10.00	\$0.40
\$10.01 - \$20.00	\$0.50
\$20.01 - \$50.00	\$0.70
\$50.01 - 100.00	\$0.80
\$100.01 & Above	\$1.00

- Fat Finger Checks will be **updated** to become mandatory for both Pre-Market and Regular Sessions. The following Exchange defaults will be applied if not specified by user:

Pre-Market			
Limit Price Range	Fat Finger % Default	Fat Finger % Ma Limit	Fat Finger Dollar-Based Limi Default
\$0.00 - \$1.99	No Value	No Value	\$1.00
\$2.00 - \$5.00	No Value	No Value	\$1.50
\$5.01 - \$10.00	No Value	No Value	\$2.00
\$10.01 - \$20.00	No Value	No Value	\$3.00
\$20.01 - \$50.00	No Value	No Value	\$4.00
\$50.01 - \$100.00	No Value	No Value	\$6.00
\$100.01 & Above	8%	No Value	Not Valid

Regular Session			
Limit Price Range	Fat Finger % Default	Fat Finger % Ma Limit	Fat Finger Dollar-Based Limi Default
\$0.00 - \$1.99	No Value	500%	\$0.50
\$2.00 - \$5.00	No Value	50%	\$0.75
\$5.01 - \$10.00	No Value	50%	\$1.00
\$10.01 - \$20.00	No Value	20%	\$1.50
\$20.01 - \$50.00	No Value	20%	\$2.00
\$50.01 - \$100.00	No Value	20%	\$3.00
\$100.01 & Above	4%	20%	Not Valid

Please see the [Web Portal Port Controls Specification](#) for complete details.

- Simple Buy Put Checks will be **introduced** which will result in a limit (market) Buy order for a Put option being rejected if the limit (execution) price is greater than or equal to the option's strike price. These checks will not apply to complex orders or non-standard delivery classes.

## **Rollout Schedule**

Functionality testing of the new Feature Packs will be available in the BZX Options and EDGX Options Certification environments per the below schedule:

Target Date	Milestone
09/15/17	Options Feature Pack 1 in Certification; Technical Specifications updated
10/06/17	Options Feature Pack 1 in Production
11/17/17	Options Feature Pack 2 in Certification; Technical Specifications updated
12/08/17	Options Feature Pack 2 in Production

## **More Information**

For more information refer to the [CBOE Bats Integration Website](#) or the following technical specifications:

### **Market Data**

- [Multicast PITCH](#)
- [Options Complex Auction Multicast PITCH](#)
- [Options Complex Multicast TOP](#)
- [Options Complex Multicast PITCH](#)

### **Order Entry**

- [US Options BOE Specification](#)
- [US Options FIX Specification](#)

Please contact the CBOE Bats Trade Desk or your Sales Account Manager with any questions.

**CBOE Bats Trade Desk**  
913.815.7001  
[tradedesk@bats.com](mailto:tradedesk@bats.com)