



Cboe Announces Options Quoting Interface Enhancements

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Overview

Effective July 8, 2019, pending regulatory review, Cboe Global Markets will introduce several enhancements to the Binary Order Entry ("BOE") Options Quoting Interface on the BZX Options ("BZX"), C2 Options ("C2"), and EDGX Options ("EDGX") Exchanges as a result of customer feedback.

- Quote Update Acknowledgement and Quote Cancelled messages will be changed to unsequenced.
- Quote Execution messages will be added to ODROP.
- New *PostingInstruction* values will be introduced, as well as a Price Adjust sliding option for quotes (i.e. bulk messages) on C2 and EDGX.

Details regarding each of these changes follow.

Unsequenced Quote Update Acknowledgement and Quote Cancelled Messages

For BZX, C2, and EDGX Options, the Quote Update Acknowledgement and Quote Cancelled messages will be changed to unsequenced. As a result of this change, Quote Acknowledgement and Quote Cancelled messages will not be included during BOE replay.

Addition of Quote Execution Message to ODROP

For BZX, C2, and EDGX Options, the Quote Execution message will be added to ODROP. This change will allow firms to receive all executions from both quotes and orders on a single order-by-order drop copy port.

Introduction of Price Adjust Sliding and new *PostingInstruction* Values

On the effective date, new *PostingInstruction* values will be introduced to allow quotes (i.e. bulk messages) to be subject to the Price Adjust process or to the Cancel Back process (i.e. opt-out of the Price Adjust process) on C2 and EDGX. The Price Adjust process ranks and displays orders, and now quotes, that at the time of entry would lock or cross a Protected Quotation. This sliding behavior is implemented by populating the *PostingInstruction* field in the Quote Update request message.

The following values will be valid for the *PostingInstruction* field.

Posting Instruction Field Value	Description
B	Book Only, Slide
P	Post Only, Slide (do not remove liquidity)
N (New)	Book Only, No Slide
R (New)	Post Only, No Slide (do not remove liquidity)

Display Price Sliding functionality currently exists for quotes on BZX. Quote users on BZX will now be able to opt out of sliding using one of the new Posting instructions. Post Only quotes on BZX, C2, and EDGX will not be allowed to remove liquidity. Sliding will only be applied to quotes that lock the NBBO. Quotes will continue to be rejected if they cross the NBBO or the displayed Cboe book.

Examples

Penny Pilot Option
 NBBO = 1.00 x 1.01
 Cboe Book BBO = 1.00 x 1.02

Example 1: Buy Quote at 1.01

	"B"	"P"	"N"	"R"
BZX	Accepted Working = 1.01 Displayed = 1.00 Will unslide to 1.01	Accepted Working = 1.01 Displayed = 1.00 Will unslide to 1.01	Rejected Can't Post	Rejected Can't Post
C2 and EDGX	Accepted Working = 1.00 Displayed = 1.00 Will unslide to 1.01	Accepted Working = 1.00 Displayed = 1.00 Will unslide to 1.01	Rejected Can't Post	Rejected Can't Post

Example 2: Buy Quote at 1.02

	"B"	"P"	"N"	"R"
BZX, C2, and EDGX	Rejected Can't Post, price too aggressive	Rejected Can't Post, price too aggressive	Rejected Can't Post, price too aggressive	Rejected Can't Post, price too aggressive

Penny Pilot Option
 NBBO = 1.00 x 1.01
 Cboe Book BBO = 1.00 x 1.01

Example 3: Buy Quote at 1.01

	"B"	"P"	"N"	"R"
BZX	Accepted, removes liquidity on entry. Remainder is posted: Working = 1.01 Displayed = 1.00 Will unslide to 1.01	Rejected Would Remove	Accepted, removes liquidity on entry. Remainder is cancelled (Lock or Cross):	Rejected Can't Post

C2 and EDGX	Accepted, removes liquidity on entry. Remainder is posted: Working = 1.00 Displayed = 1.00 Will unslide to 1.01	Accepted Working = 1.00 Displayed = 1.00 Will unslide to 1.01	Accepted, removes liquidity on entry against all liquidity except Capacity = M. Remainder is cancelled (Lock or Cross):	Rejected Can't Post
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Example 4: Buy Quote at 1.02

	"B"	"P"	"N"	"R"
BZX, C2, and EDGX	Rejected Can't Post, price too aggressive	Rejected Can't Post, price too aggressive	Rejected Can't Post, price too aggressive	Rejected Can't Post, price too aggressive

Penny Pilot Option

NBBO = 1.00 x 1.02

Cboe Book BBO = 1.00 x 1.01

Example 5: Buy Quote at 1.01

	"B"	"P"	"N"	"R"
BZX	Accepted, removes liquidity on entry. Remainder is posted: Working = 1.01 Displayed = 1.01	Rejected Would Remove	Accepted, removes liquidity on entry against all liquidity except Capacity = M. Remainder is posted: Working = 1.01 Displayed = 1.01	Rejected Can't Post
C2 and EDGX	Accepted, removes liquidity on entry. Remainder is posted: Working = 1.01 Displayed = 1.01	Accepted Working = 1.00 Displayed = 1.00 Will unslide to 1.01 (no higher)	Accepted, removes liquidity on entry against all liquidity except Capacity = M. Remainder is posted: Working = 1.01 Displayed = 1.01	Rejected Can't Post

Example 6: Buy Quote at 1.02

	"B"	"P"	"N"	"R"
BZX, C2, and EDGX	Rejected Can't Post, price too aggressive	Rejected Can't Post, price too aggressive	Rejected Can't Post, price too aggressive	Rejected Can't Post, price too aggressive

Testing Opportunities

The new quoting interface enhancements will be available for testing in the BZX Options, C2 Options, and EDGX Options certification environments on **May 29, 2019**.

Additional Information

For more information, refer to the following technical specifications:

- [US Options BOE Specification](#)

Please contact the Cboe Trade Desk for support or with any questions.

We appreciate your business and remain committed to powering your potential with Cboe products, technologies, and solutions.

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