



# Cboe Announces Retail Order Priority on EDGX Equities Exchange

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## Overview

**Effective July 1, 2019**, the EDGX Equities Exchange (EDGX) will provide enhanced book priority for orders submitted on behalf of retail investors, *subject to regulatory review*.

## Technical Details

On the effective date, Retail Limit Orders will receive execution priority. Orders on EDGX will execute with the following priority: price/display/retail/time. Retail priority will be in place during all trading sessions as well as the opening process and re-opening process after a halt.

Retail Member Organizations (RMOs) can submit a Retail Order via BOE or FIX protocol by sending the *ExtendedExecInst* (FIX Tag 9416) = 'R' instruction. Orders sent by non RMOs with the *ExtendedExecInst* (FIX Tag 9416) = 'R' instruction will be rejected. Displayed retail orders will have priority ahead of all other available interest at a price level. Retail priority will not apply to fully hidden orders or discretionary ranges, but the reserve quantity of retail orders will have priority ahead of the reserve quantity of other limit orders.

## **Routing and Price Sliding**

Retail Display Price Sliding orders will still have priority when hidden at the locking price, but these orders will be displayed one minimum price variation away. Super Aggressive and Aggressive Retail Orders will lift from the book before Non-Retail Orders.

## **Examples**

### **Example 1: Displayed Retail Order has priority over Non-Retail Order**

NBBO: 10.00 x 10.10  
Order1: Buy 100 @ 10.00 – Non-Retail  
Order2: Buy 100 @ 10.00 – Retail  
Order3: Sell 100 @ 10.00 IOC  
Result: Order3 trades with Order2 for 100 @ 10.00

### **Example 2: Better priced Non-Retail Order has priority over worse priced Retail Order**

NBBO: 10.00 x 10.10  
Order1: Buy 100 @ 10.00 – Retail  
Order2: Buy 100 @ 10.01 – Non-Retail  
Order3: Sell 100 @ 10.00 IOC  
Result: Order3 trades with Order2 for 100 @ 10.01

**Example 3: Hidden Retail Order does not have priority over hidden Non-Retail Order**

NBBO: 10.00 x 10.10  
Order1: Buy 100 @ 10.01 – Hidden, Non-Retail  
Order2: Buy 100 @ 10.01 – Hidden, Retail  
Order3: Sell 100 @ 10.00 IOC  
Result: Order3 trades with Order1 for 100 @ 10.01

**Example 4: Retail Order does not have priority in discretionary range**

NBBO: 10.00 x 10.10  
Order1: Buy 100 @ 10.00 +.03 Discretion – Non-Retail  
Order2: Buy 100 @ 10.00 +.03 Discretion – Retail  
Order3: Sell 100 @ 10.02 IOC  
Result: Order3 trades with Order1 for 100 @ 10.02

**Example 5: Display Price Sliding Retail Orders will have priority at hidden locking price**

NBBO: 10.00 x 10.01 (nothing on EDGX Offer)  
Order1: Buy 100 @ 10.01 – Post Only, DPS, Non-Retail

- Ranked at 10.01 hidden and displayed at 10.00

Order2: Buy 100 @ 10.01 – Post Only, DPS, Retail

- Ranked at 10.01 hidden and displayed at 10.00

Order3: Sell 100 @ 10.01 IOC  
Result: Order3 trades with Order2 for 100 @ 10.01

**Example 6: Retail Reserve Order has displayed and hidden priority**

NBBO: 10.00 x 10.10  
Order1: Buy 500 @ 10.00 – Max Floor = 100, Non-Retail  
Order2: Buy 500 @ 10.00 – Max Floor = 100, Retail  
Order3: Sell 300 @ 10.00 IOC  
Result: Order3 trades 100 @ 10.00 with Order2 (displayed qty)  
Order3 trades 100 @ 10.00 with Order1 (displayed qty)  
Order3 trades 100 @ 10.00 with Order2 (hidden qty)

**Example 7: Resting Super Aggressive Retail Order routes out before Non-Retail Order**

NBBO: 10.00 x 10.10  
Order1: Buy 100 @ 10.01 – Super Aggressive, Non-Retail  
Order2: Buy 100 @ 10.01 – Super Aggressive, Retail  
NBBO Chg: 10.00 x 10.01 (100 shares at NYSE on Offer)  
Result: Order2 is lifted from the book and routed to NYSE.  
Order1 is lifted from the book and routed, after Order 2.

**Example 8: MTP will be applied immediately on Retail Order**

NBBO: 10.00 x 10.10  
Order1: Buy 100 @ 10.01 – Non-Retail  
Order2: Buy 100 @ 10.01 – Retail, MTP=Cancel Newest, MPID=AAAA  
Order3: Sell 100 @ 10.01 – MTP=Cancel Newest, MPID=AAAA  
Result: Order3 is canceled to avoid trading with Order2.

**Example 9: Retail Orders have priority in Opening Process**

***Assume orders below are queued for opening cross***

Order1: Buy 100 @ 10.01 – Non-Retail  
Order2: Buy 100 @ 10.01 – Retail  
Order3: Sell 100 @ 9.99  
Opening is triggered with 10.00 x 10.01 NBBO  
Result: Order2 and Order3 trade 100 @ 10.005.  
Order1 is released to book.

## **Market Data**

On the Equities PITCH feeds, the *Customer Indicator* field in the `Add Order` message will be populated with a value of 'R' to indicate a Retail Order. The *CustomerIndicator* field is new for the Equities TCP PITCH feed. For Retail Orders that are not attributed to the order's MPID, EDGX will populate the *ParticipantID* field with 'RTAL'.

## **Testing Opportunities**

On May 7, 2019, retail priority functionality will be available for testing in the EDGX Equities certification environment.

## **Retail Member Organizations**

Members who wish to become an RMO should submit a completed [EDGX Retail Member Organization Application](#) to Membership Services at [MembershipServices@cboe.com](mailto:MembershipServices@cboe.com). Only those members who are pre-qualified with Membership Services as RMOs and who have completed the appropriate certification with the Cboe Trade Desk will be authorized to enter Retail Orders.

## **Additional Information**

For more information, refer to the following technical specifications:

- [US Equities Multicast PITCH Specification](#)
- [US Equities FIX Specification](#)
- [US Equities BOE Specification](#)
- [US Equities TCP PITCH Specification](#)

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

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