



## Cboe Options Add Support for Solicitation Auction Mechanism (SAM)

Reference ID: C2019041802

### Overview

Effective **April 29, 2019**, Cboe Options will add support for SAM Auctions on the EDGX Options ("EDGX") Exchange, *subject to regulatory review*.

This enhancement is in preparation for the migration of Cboe Options Exchange ("C1") to Bats technology.

### Technical Details

The SAM auction is an electronic crossing mechanism, similar to AIM, which allows an All-Or-None allocation to solicited, but not facilitating, contra order(s).

The initiating agency-side order must include a minimum of 500 contracts, and be submitted with a contra-side order(s) totaling an equal number of contracts. A maximum of ten contra-orders will be accepted per paired order message. The price on the contra order(s) must be at or inside the local BBO and must improve the price of any local customer.

SAM orders can optionally include the ISO flag, which will allow the auction to commence outside the displayed price of away markets. It is the responsibility of the initiating member to clear away markets that are priced better than the contra order's price.

### ***New TradeLiquidityIndicator (9730) Value***

A new 2<sup>nd</sup> character value will be added to the *TradeLiquidityIndicator* (FIX Tag 973) field for trade messages in FIX. The corresponding field in BOE is *SubLiquidityIndicator*. The new value is "s", which indicates to the user that a trade resulted from a SAM Auction. Users must opt-in to receive the 2<sup>nd</sup> character for *TradeLiquidityIndicator* (9730) on FIX. The *SubLiquidityIndicator* field in BOE is not optional and will always be sent for every BOE Order Execution message.

### **Initiating SAM Orders**

A SAM auction can be initiated by submitting a two-sided `New Order Cross` message using either FIX or Binary Order Entry (BOE) protocol and setting *CrossType* (FIX Tag 549) = '3'.

## **Early Termination and Execution**

Same side customer orders at or better than the auction and same side non-customer orders better than the auction will cause early termination. Opposite side orders received after the start of the auction will **not** cause early termination but may be eligible to trade with the agency-side order at the end of the auction. At the auction's conclusion, the agency order will execute against the contra order(s) unless the full quantity of the agency order can be satisfied by any combination of: (A) better-priced displayed and non-displayed (reserve) orders and auction responses; and (B) displayed customer orders equal to the contra order's price. In such cases where allocation is to responses and/or orders other than the contra order, allocation is generally pro-rata with customer priority at a given price.

## **Testing Opportunities**

Testing of the new auction functionality is currently available in the EDGX Options certification environment.

## **Additional Information**

SAM fee information will be communicated in a future notice.

For more information, refer to the following technical specifications:

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

Please contact the Cboe Trade Desk, for support or with any questions. Additionally, you may refer to the C1 integration website for more details at <http://batsintegration.cboe.com/c1>.

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

### **Cboe Trade Desk**

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