Order Marking Requirements for Direct Route of Orders Intended for Open Outcry Execution

Reference ID: C2019011101

Overview

With the October 7, 2019 migration of the C1 trading platform to Bats technology, pending regulatory review, certain Exchange-side order handling property settings will no longer be supported.

Currently C1 supports volume parameters which allow orders greater than a specified quantity to be automatically routed for manual handling. Following the technology migration, orders intended for open outcry handling by a Cboe floor broker or PAR Official will require specific routing information be included by the sender on the FIX or BOE order message. The required information will include a routing directive and a PAR Workstation ID.

A default directive and a default PAR Workstation ID may be designated at the port level. This may be desirable in cases where the order router prefers electronic processing as a default directive instruction. The PAR Workstation ID port setting can further be configured to default order handling in the event such orders cannot be electronically processed. In such cases, a port-level PAR Workstation ID set to null will cause such orders to be automatically returned to the sender while entry of a specific PAR Workstation ID will cause such orders to route to the specified PAR device.

Direct routing to PAR is also currently available via C1 FIX and CMi2 APIs. Cboe advises order routers to discontinue reliance on such Exchange-side order handling functionality on or before August 19, 2019, and to instead begin using API settings for routing off-floor orders directly to a PAR. To assist order routers with this change, the Market Structure and Functionality ("MSF") group will schedule a conference call with those for whom these changes are relevant. Additionally, a Town Hall will be scheduled to explain the process to the trading floor community and any related compliance personnel who wish to be present. An Exchange Notice will be issued with information on these events.

Technical Details – C1 Existing Technology Platform

In the current C1 platform, Trading Permit Holder ("TPH") order providers may request certain Exchange-side property settings to prescribe how orders are to be handled. Conversely, users may indicate a specific PAR Workstation ID on the inbound order message (FIX tag 143), which will override Exchange-side property settings and force the order to the specified PAR device.

The following grid defines the CMi2 and FIX specifications for direct routing to PAR 2.0 on current C1.

CMi2 and FIX Specifications Related to Floor Routing Current C1	
CMi2 Name or Cboe FIX Tag	**Value / Description**
Extensions field (CMi2) or Tag 143 (FIX)	**Route to a given PAR Broker:** Populate CMi2 Extensions field with "BARTID=<PAR ID>" Populate FIX Tag 143 with "BARTID=<PAR ID>"
	Route to the Trade Engine; Reject to PAR in OHS if TE cannot handle: Populate CMi2 Extensions field with "BARTID=TE" Populate FIX Tag 143 with "BARTID=TE"
Extensions field (CMi2) or Tag 21081(FIX)	**Electronic only handling; Reject back to sender if TE cannot handle:** Populate CMi2 Extensions field with "USERINST=6" Populate FIX Tag 21081 with "6"

Technical Details – Bats Technology Platform

The Bats technology platform will not replicate the user defined routing properties available on the current C1 platform. The grid below defines the FIX and BOE specifications to be used for direct routing to PAR 3.0 effective October 7, 2019. As with many of the fields offered in the Bats technology platform, a port-level default is available to be set for both *FloorDestination* and *FloorRoutingInst*. The value specified for a given field on an individual order message always overrides the port-level default.

BOE and FIX Specifications Related to Floor Routing Bats Technology Platform	
BOE Name *or* Cboe FIX Tag	**Value / Description**
FloorDestination (BOE) or Tag 22100 (FIX)	Optional, user-defined floor route destination. Names a PAR workstation (ex. W001). Entering "PARO " in this field will cause the order to route to a PAR Official workstation.
FloorRoutingInst (BOE) or Tag 22303 (FIX)	D = Direct. Do not attempt to process electronically. E = Default. Electronic only. X = Route to floor only if unable to process electronically.

The following grid illustrates use of the above specifications and the resulting actions whether set on the order as shown or at the Port level:

Order Settings		Handling of the Order	
FloorDestination	*FloorRoutingInst*	**Orders Only Executed on Floor (i.e. complex AON)**	**All Other Order Types**
W009	E	Reject: ineligible for electronic book	Process electronically
W009	D	Route to floor: W009	Route to floor: W009
W009	X	Route to floor: W009	Process electronically
	E	Reject: ineligible for electronic book	Process electronically

	D	Reject: requires a floor destination	Reject: requires a floor destination
	X	Reject: requires a floor destination	Process electronically

The following grid includes a few examples of how a TPH might choose to designate order routing. This list is not complete, and TPHs may choose to utilize a number of settings.

Examples TPH Order Management Decisions	BOE/FIX Floor Destination	BOE/FIX Floor RoutingInst	Port Floor Destination	Port Floor RoutingInst
TPH elects to set Multi-List Classes at PORT level: 1) Electronic handling for all orders in multi-list classes; Reject ineligible orders.	---	---	---	E
2) Electronic handling for matching-engine eligible orders; Route ineligible orders to PAR Official for open outcry handling.	---	---	**PARO**	**X**
TPH elects to set Multi-List Classes at ORDER level: 1) Electronic handling for all orders; Reject ineligible orders.	---	**E**	---	---
2) Electronic handling for matching-engine eligible orders; Route ineligible orders to PAR Official for open outcry execution.	**PARO**	**X**	---	---
TPH elects to set SPX/SPXW orders at a PORT level: 1) Direct route orders to a specific PAR broker workstation.	---	---	**W001**	**D**
TPH elects to set SPX/SPXW orders < quantity 'x' at ORDER level: 2) Electronic handling based on size; Route ineligible orders to a specific PAR broker *Quantity parameter needs to be built on TPH side.*	**W001**	**X**	---	---
TPH elects to set SPX/SPXW orders > quantity 'x' at ORDER level: *3) Direct route orders to a specific PAR broker* *Quantity parameter needs to be built on TPH side.*	**W001**	**D**	---	---
TPH elects to set SPX/SPXW orders at ORDER level: 1) Direct route orders to various PAR broker workstations as desired. *TPH sets a specific PAR workstation based on TPH parameters.*	**W001, W002, W003…**	**D**	---	---
TPH elects to set VIX orders at PORT level: 1) Direct route orders to a single PAR broker workstation.	---	---	**W001**	**D**
TPH elects to set VIX orders at ORDER level: 1) Direct route orders to PAR broker workstation(s). *TPH sets a specific PAR workstation based on TPH parameters.*	**W001, W002, W003…**	**D**	---	---

Customers who wish to set a default *FloorDestination* or *FloorRoutingInst* value at the port-level will need to submit a modify request using the Logical Port Request form in the Customer Web Portal.

Technical Reference Documents

The documents below provide information pertinent to this notice.

- ➢ US Options BOE Specification
- ➢ US Options FIX Specification
- ➢ US Customer Web Portal Specification

See also the C1 Technology Integration Page for additional information regarding the C1 Migration to Bats Technology.

Additional Information

Questions regarding this subject may be directed to Cboe Market Structure and Functionality ("MSF"). For additional information regarding operational matters, please contact the Cboe Operations Support Center.

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