Reminder: Cboe Global Markets Announces New Options Quoting Interface and Risk Reset Functionality

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Overview

Cboe Global Markets is pleased to introduce a new Options Quoting Interface using the existing Binary Order Entry (BOE) protocol which will begin to rollout per the schedule defined further below, starting **Thursday, January 17, 2019**.

This new quoting interface will be used to enter or update bulk quotes for the BZX Options Exchange ("BZX Options"), C2 Options Exchange ("C2 Options"), and EDGX Options Exchange ("EDGX Options"). This new quoting interface will also be offered on the Cboe Options Exchange ("C1") when it migrates to Bats technology on October 7, 2019. In addition, the risk functionality offered on BOE will be enhanced. New message types will be added to allow a risk reset to occur without sending a new order or quote.

Currently, Members quoting multiple options series typically use the Bulk Order message, which sends individual order messages (new, modify, or cancel) for each side/symbol combination to the appropriate Matching Engine. Through the use of the new Quoting Interface, each block of bulk quote updates will be sent to the Matching Engine as a single message, offering increased efficiency and determinism for Members quoting multiple options series. In order to simplify the resulting Options order entry offerings, **the Bulk Order message type will be deprecated effective Friday, March 29, 2019**. Starting on that date, all Bulk Order BOE messages will be rejected.

New BOE Quoting Interface

Quote Update (Short format)
In conjunction with the `Quote Update` message a shorter version will also be introduced which reduces the required information that is presented on the message. The `Quote Update (Short)` message uses less bandwidth than the `Quote Update` message, but messages presented from the BOE Bulk Quoting port to the Matching Engine are identical between both `Quote Update` and `Quote Update (Short)` messages.

`Quote Update (Short)` does not allow sending *Account* but a default for this field may be set at the port level. *CMTANumber* may never be included on a `Quote Update (Short)` message. The `Quote Update (Short)` message also uses a smaller format price and size on each quote update along with smaller reserved fields.

In conjunction with the new Quoting Interface, several new message types will be introduced to the current US Options BOE protocol. These message types will only be allowed on BOE Bulk Quoting ports.

Member to Cboe
  ➢ `Quote Update`
  ➢ `Quote Update (Short)`

Cboe to Member
  ➢ `Quote Update Acknowledgement`
  ➢ `Quote Update Rejected`
  ➢ `Quote Restated`[1]
  ➢ `Quote Cancelled`[1]
  ➢ `Quote Execution`

[1]The `Quote Restated` and `Quote Cancelled` messages will support *Side* as a new field with the values '1' (Buy) and '2' (Sell).

The quoting interface will be available for use by all customers, but only registered Market Makers will be allowed to use quotes for liquidity removal. On C2 and EDGX Options, only registered Market Makers will be allowed to remove liquidity using New Order messages while on BZX Options all trading participants may remove liquidity using New Order messages.

	Contra Side (*Capacity*)		
Originating Side (*Capacity*)	**BZX**	**C2**	**EDGX**
Quote Update Seeking to Remove (M)	Allowed (ALL)	Allowed (All Except "M")	Allowed (All Except "M")
Quote Update Seeking to Remove (All Except "M")	Reject	Reject	Reject
New Order Seeking to Remove (M)	Allowed (ALL)	Allowed (All Except "M")	Allowed (All Except "M")
New Order Seeking to Remove (All Except "M")	Allowed (ALL)	Reject	Reject
Passive Quote Update or New Order (ALL)	Allowed (ALL)	Allowed (ALL)	Allowed (ALL)

A maximum of 20 quote updates are allowed in each `Quote Update` message. Quotes entered using the `Quote Update` message must either be marked as Post Only or Book Only (allowed to remove liquidity). Quotes will be allowed in simple (non-complex) series only and will not be allowed to persist across multiple trading days. Multiple levels of depth may be quoted by using either multiple EFIDs on a single port or the same EFID on multiple ports. Match Trade Prevention may not be specified on the `Quote Update` message, but it may be defaulted at the port level to either Cancel Newest, Cancel Oldest, or Cancel Both.

A *QuoteUpdateID* is required to be assigned by the Member on every `Quote Update`. The *QuoteUpdateID* will be echoed back on every quote-related response message from the Exchange. Optional bitfields are not supported for any quote response messages.

Members must certify with the Cboe Trade Desk in the respective exchange certification environment before they will be permitted to send `Quote Update` messages. An unattended certification may be

completed via the Customer Web Portal by selecting the "Options Quoting Interface" script. Alternatively, Members may schedule an attended certification by contacting the Cboe Trade Desk.

New Risk Reset Functionality

If risk limits are reached or self-imposed lockouts are issued via `Cancel Order` or `Purge Orders`, then existing orders or quotes are cancelled and inbound quotes and orders will be rejected. Previously, Members were required to send the *RiskReset* field on the next order or quote message. Cboe will introduce a new `Reset Risk` message type in BOE that allows for risk to be reset without having to send a new order or quote. A corresponding `Reset Risk Acknowledgement` will also be added to give firms an affirmative response to confirm that risk was reset and new orders and quotes may be sent.

This new Risk Reset functionality is available to all BOE users and is not limited only to those using Bulk Quoting ports.

Rollout Schedule

Milestone	Target Availability Date
~~Certification Launch (*BZX Options, C2 Options, and EDGX Options*)~~	~~11/09/18~~
Production Launch 1st Phase (*EDGX Options*)	01/17/19
Production Launch 2nd Phase (*BZX Options and C2 Options*)	01/25/19
Bulk Order Message Deprecated	03/29/19

Testing Opportunities

The new quoting interface and risk reset functionality is currently available for testing in the BZX Options, C2 Options, and EDGX Options certification environments.

Additional Information

For more information, refer to the following technical specifications:
- US Options BOE Specification
- US Options Risk Management 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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