



## Update - Cboe Announces Release Date for Retail Order Priority on EDGX Equities Exchange

Reference ID: C2019101100

### **Overview** (UPDATED)

**Effective Friday, November 1, 2019**, Cboe EDGX Equities Exchange (EDGX) will provide enhanced book priority for Retail Priority Orders. Immediately on the effective date, or any trading day thereafter, a Retail Member Organization (RMO) may begin designating their orders for retail priority.

### **Technical Details**

A “Retail Priority Order” is a Retail Order entered on behalf of a person that does not place more than 390 equity orders per day on average during a calendar month for its own beneficial account(s). RMOs that enter Retail Priority Orders are required to review their retail customer’s activity on at least a quarterly basis to determine if they meet these requirements.

Displayed retail priority orders on EDGX will be allocated before all other available interest at a given price. Retail priority will be in place during all trading sessions as well as the opening process and re-opening process after a halt.

Retail Priority Orders can be initiated using the BOE or FIX protocol by sending the *ExtendedExecInst* (FIX Tag 9416) = ‘X’ instruction. Orders so marked will both receive retail priority and be eligible to receive the Retail Order rebate. Ports may be set to default to retail priority using the *Default to Retail Order* port attribute.

The existing ‘R’ value for *ExtendedExecInst* (FIX Tag 9416) can still be used by any attested retail member for all Retail Orders. Orders so marked will be eligible to receive the Retail Order rebate but will not receive retail priority. Orders sent by a non-RMO with the *ExtendedExecInst* (FIX Tag 9416) = 'R' instruction will be rejected.

Displayed Retail Priority 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 Priority Orders will have priority ahead of the reserve quantity of other limit orders.

## Routing and Price Sliding

Retail Priority 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 Priority Orders will lift from the book before other orders.

### Examples

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

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

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

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

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

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

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

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

**Example 5: Display Price Sliding Retail Priority 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 Priority

- Ranked at 10.01 hidden and displayed at 10.00

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

- 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 Priority Reserve Order has displayed and hidden priority**

NBBO: 10.00 x 10.10  
Order1: Buy 500 @ 10.00 – Max Floor = 100, Non-Retail Priority  
Order2: Buy 500 @ 10.00 – Max Floor = 100, Retail Priority  
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 Priority Order routes out before Non-Retail Priority Order**

NBBO: 10.00 x 10.10  
Order1: Buy 100 @ 10.01 – Super Aggressive, Non-Retail Priority  
Order2: Buy 100 @ 10.01 – Super Aggressive, Retail Priority  
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 Priority Order**

NBBO: 10.00 x 10.10  
Order1: Buy 100 @ 10.01 – Non-Retail Priority  
Order2: Buy 100 @ 10.01 – Retail Priority, 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 Priority Orders have priority in Opening Process**

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

Order1: Buy 100 @ 10.01 – Non-Retail Priority  
Order2: Buy 100 @ 10.01 – Retail Priority  
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 new *Customer Indicator* field in the `Add Order` message will be populated with a value of 'R' to indicate a Retail Priority order. For Retail Priority orders that are not attributed to the order's MPID, EDGX will populate the *ParticipantID* field with 'RTAL'.

## **Testing Opportunities**

Retail priority functionality is currently 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.

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

### **Cboe Trade Desk**

913.815.7001

[tradedesk@cboe.com](mailto:tradedesk@cboe.com)

### **Membership Services**

913.815.7002

[MembershipServices@cboe.com](mailto:MembershipServices@cboe.com)