



## Cboe Options Announces Index Combo Order Complex Order Handling (coming soon)

Reference ID: C2020030601

### Overview

#### Applicable Cboe Exchange: Cboe Options

On December 19, 2019, Cboe Options filed rule filing [SR-CBOE-2019-126](#) which amended its Rules to adopt the Index Combo complex order. By way of background, an Index Combo order is an order to purchase or sell one or more index option series and the offsetting number of Index Combinations defined by the delta. An Index Combination is a purchase (sale) of an index option call and sale (purchase) of an index option put with the same underlying index, expiration date, and strike price.

Though Cboe Options accepts complex orders with any ratio,<sup>1</sup> complex orders within certain ratios are afforded certain benefits of complex order treatment. For example, they are eligible for complex price increments and complex order priority.<sup>2</sup> Generally, complex option orders are afforded these benefits as long as they do not exceed a ratio equal to or greater than one-to-three (.333) or less than or equal to three-to-one (3.00).

Once Index Combo orders are available, an Index Combo order in any index class will receive complex order treatment as long as the ratio does not exceed eight options to one Index Combination and will be subject to all rule provisions applicable to complex orders. Note there will be no specific indicator required on the Index Combo order in order to receive such benefits. This differs from SPX Combo orders which seek exemptions afforded by rule 5.85(e), for which the SPX Combo orders must include the special "CMBO" indicator.

**Index Combo orders are not currently available. Cboe Options will announce the effective date for Index Combo orders at a future date via Exchange Notice. Until then, Index Combo orders that exceed a 3:1 ratio or are less than a 1:3 ratio will not be afforded complex order treatment, and the execution for each individual leg of the order must be in a standard trading increment for that specific option series and are not eligible for complex order priority (i.e., may not trade at the price of any resting customer book order).**

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<sup>1</sup> The Exchange accepts for manual handling complex orders of any ratio. Currently, the Exchange only accepts for electronic handling complex orders with any ratio equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00).

<sup>2</sup> See Rules 5.4(b) and 5.85(b).

Please contact the Cboe Trade Desk for support or with any operational questions. Regulatory questions may be directed to the Cboe Regulatory Interpretations team.

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