



Update - CFE Announces New Quoting Interface and Risk Reset Functionality Launch Date - May 3, 2020

Reference ID: 2020042100

Overview **(UPDATED)**

Cboe Futures Exchange, LLC ("CFE") is pleased to introduce new Quoting Interface functionality using the existing Binary Order Entry ("BOE") protocol.

In light of recent circumstances related to COVID-19, CFE will introduce the new Quoting Interface functionality in phases, subject to regulatory review. CFE will initially implement the Quoting Interface solely for CFE Trade at Settlement ("TAS") contracts effective May 3, 2020 for business date May 4, 2020. The Quoting Interface will be available for all CFE contracts (including non-TAS contracts) commencing on July 26, 2020 for business date July 27, 2020.

Additional updates in this notice include changes to the fees for BOE quoting match capacity allocations until the full implementation of the Quoting Interface, quote behavior when crossing the best bid/offer in the market, and a new holiday testing opportunity in the CFE certification trading environment.

Once implemented, the Quoting Interface may be used to enter or update one or more quotes for the full term structure in a futures product as well as to enter orders. Concurrent with the introduction of the Quoting Interface, the BOE protocol risk functionality will be enhanced to include new message types which will allow a risk reset to occur without sending a new order or quote.

Also in conjunction, CFE will introduce a new type of match capacity allocation, the quoting match capacity allocation, which will supplement the existing FIX and BOE order match capacity allocations. Any TPH will have the option to use the Quoting Interface by obtaining one or more quoting match capacity allocations per the Rollout Schedule defined further below.

New Quoting Interface Specific BOE Message Types

Several new message types will be introduced to the current US Futures BOE protocol in support of the Quoting Interface. These message types will only be allowed on BOE quoting match capacity allocations.

Member to Cboe

➤ Quote Update

Cboe to Member

- Quote Update Acknowledgement
- Quote Update Rejected
- Quote Restated
- Quote Cancelled
- Quote Execution
- TAS Quote Restatement
- Variance Quote Restatement

A maximum of 20 quote updates are allowed in each `Quote Update` message. Quotes will only be allowed in outright (non-spread) futures. While quotes will not be allowed to persist across multiple trading days, quotes will persist over multiple trading segments for the same business date during a holiday schedule. Multiple levels of depth may be quoted by using either multiple EFIDs on a single quoting match capacity allocation or the same EFID on multiple quoting match capacity allocations. Match Trade Prevention may not be specified on the `Quote Update` message, but it may be defaulted at the quoting match capacity allocation level to either Cancel Newest, Cancel Oldest, or Cancel Both.

Message rate limits on the new BOE quoting match capacity allocations will be set at 10,000 messages/second and cannot be raised, but the limit can be lowered based on customer request.

A `QuoteUpdateID` is required to be assigned by the TPH 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.

The Quoting Interface functionality has also been updated so that Quote Updates priced at or through the prevailing best bid/offer in the market will result in an execution. Aggressive quote updates will execute up to their limit price, unless rejected because the limit price exceeds the applicable risk limit percentage.

TPHs must certify with the CFE Trade Desk in the CFE 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 “Futures Quoting Interface” script. Alternatively, TPHs may schedule an attended certification by contacting the CFE Trade Desk.

New Risk Reset Functionality

Under existing CFE risk management functionality, if execution rate 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, in such cases TPHs were required to send the `RiskReset` field on the next order message. In conjunction with the introduction of the Quoting Interface, CFE 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 provide an affirmative response confirming risk was reset and new orders and quotes may be sent.

This new Risk Reset functionality will be available to all BOE users per the Rollout Schedule below and will not be limited only to those using the Quoting Interface.

Enhanced ODROP Protocol Functionality

As part of the Quoting Interface rollout, CFE will enhance the ODROP protocol functionality currently available to Clearing TPHs and other TPHs on CFE. Upon implementation, in addition to providing the real-time order activity updates, the ODROP protocol will also provide all update messages related to the submission and acceptance of quotes in real time. This enhancement will be released following the Rollout Schedule noted below.

Prior to the launch of the Quoting Interface, TPHs currently utilizing ODROP should review their existing ODROP session configurations to account for the potential of quoting activity appearing on these existing ODROP sessions.

Quoting Match Capacity Allocation Fees (Updated)

Effective upon launch, the monthly fees for each quoting match capacity allocation will be as follows:

Service	Quantity	Monthly Fees (per allocation) For May 3, 2020 – July 2020	Monthly Fees (per allocation) August 2020 and Subsequent Months
Quoting Match Capacity Allocation	1 2 to 4 5+	\$550 \$900 \$1,200	Monthly fee information for quoting match capacity allocations will be provided in a future notice.

Rollout Schedule (UPDATED)

Milestone	Availability Date
Certification Launch ODROP Enhancement/Quoting Interface/Risk Reset	Currently available
Production Launch for CFE TAS Contracts Only	May 3, 2020
Production Launch for All CFE Contracts (Including Non-TAS Contracts)	July 26, 2020

Testing Opportunities (UPDATED)

The new Quoting Interface, risk reset functionality, and ODROP compatibility with quotes is currently available for testing in the CFE certification environment.

The CFE will schedule multi-segment holiday trading sessions in the certification environment per the following schedule. The scheduling of multi-segment trading sessions is aimed to provide opportunities to test the persistence of quotes between trading segments. Quotes that are carried across multiple trading sessions will be restated using the Order Acknowledgement message as described in the 'Carried Order Restatements' section of the US Futures BOE Specification.

The environment will observe this schedule per the following dates:

➔ ~~March 9th (simulated Monday holiday)~~

- ~~March 18th (simulated Wednesday holiday)~~
- ~~April 1st (simulated Wednesday holiday)~~
- ~~April 20 (simulated Monday holiday)~~
- April 27th (simulated Monday holiday)
- May 11th (simulated Monday holiday)
- May 18th (simulated Monday holiday)

Holiday testing schedules are not reversible. TPHs will need to schedule testing opportunities around that schedule to test for trading days with a normal trading schedule.

Additional Information (UPDATED)

TPHs that have certified with the CFE Trade Desk may begin requesting quoting match capacity allocations via the Logical Port Tool on the Cboe Web Portal. Quoting Interface connection details will be communicated to those TPHs on Friday, May 1, 2020.

Refer to the following technical specifications for additional details. Note that several updates to the BOE Specification have been made since the last notice was released.

- [US Futures BOE Specification](#)
- [US Futures Risk Management Specification](#)
- [CFE Rule Filing Regarding Quoting Functionality](#)
- [CFE Rule Filing with Updates to Original Rule Filing Regarding Quoting Functionality](#)

Please contact the CFE 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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