



# Cboe Announces Forced Opening Mechanism for Non-Proprietary Classes in Wide Markets

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## Overview

**Applicable Cboe Exchanges:** BZX Options, Cboe Options, C2 Options, EDGX Options

**Effective March 12, 2021**, for EDGX Options ("EDGX"), and **March 15, 2021**, for BZX Options ("BZX"), Cboe Options ("C1"), and C2 Options ("C2") Exchanges, Cboe will modify the opening mechanism for non-proprietary classes to include a force open timer. The timer will force series to open after a configurable period of waiting for a valid width composite market, so long as at least one away market center has opened and disseminated a quote in the series over OPRA. This new functionality applies to simple orders only; the opening mechanism for complex instruments will not be changed.

Additionally, a new port attribute is being introduced to define the default order behavior if a series with resting orders is forced open.

## Technical Details

On the effective date, the following opening sequence will be in effect for non-proprietary classes.

1. The Opening Trigger is received.
2. The one second opening delay completes.
3. A 30 second force open timer is started (NEW).
4. If no Composite Market ("CM") exists, the series does not open (*Opening Condition* = Q on Options Auction Update message).
5. If a CM exists and is not crossed, the system checks to ensure the width of the CM is less than or equal to the Maximum Composite Width ("MCW").
  - a. If YES, the series opens with an opening auction.
6. If the CM is too wide, the system checks to ensure that there are no non-Market Maker quotes/orders that cross the CM midpoint.
  - a. If YES, the series opens with an opening auction.
7. If the CM is too wide and there are either non-Market Maker quotes/orders that cross the CM midpoint or the book is locked/crossed, then the series does not open (*Opening Condition* = Q on Options Auction Update message). It is in this scenario where the new forced opening may occur (NEW).

- a. If the force open timer reaches the configured duration, the system checks for a non-zero offer-side ABBO. The system commences to force series open upon detection of a non-zero offer ABBO.
8. If at any time the conditions are met to allow the opening to conclude with either an opening auction or a forced opening, then the series will open. Otherwise, a series must remain closed with *Opening Condition* = Q until the necessary conditions are met for either an opening auction or a forced opening, or the Trade Desk manually intervenes.

No opening auction will be conducted in series with a forced open. Orders that are not cancelled will be rolled into the book in time priority and processed subject to normal order handling based on order instructions and the NBBO at the time.

### **Equity ETF OTC Symbol MCW Multiplier**

To facilitate the opening process on Equity and ETF OTC symbols, the MCW multiplier will be changed from 1.0 to 3.0 for these products.

### **Order Handling Port Configuration**

In a force open scenario, Members will have the option to select a default order handling configuration at the port level. This new port setting will determine whether the firm's orders are cancelled or released into the book upon a forced opening. Orders with *TimeInForce* (FIX Tag 59) = 'At The Open' will be cancelled regardless of specified order handling configuration. The new "Forced Open Cancel Instruction" port attribute will contain the following options.

- DoNotCancel - Preserve Orders (default)
- CancelMarket - Cancel Open Market Orders Only (preserve Limit Orders)
- CancelAll - Cancel All Open Orders

### **Testing Opportunities**

Effective February 12, 2021, this functionality will be available for testing in the BZX, C1, C2, and EDGX Options certification environments.

### **Additional Information**

Refer to the following updated technical specification for additional information.

- [US Options FIX Specification](#)
- [US Options BOE Specification](#)
- [US Options Opening Process Specification](#)

Please contact the Cboe Trade Desk for support or with any questions.

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