



Update - Cboe Options Exchange Implementing Automated Halt Process During GTH for Certain Proprietary Index Options

Reference ID: C2021081806

Overview (Updated)

Applicable Cboe Exchange: Cboe Options

Effective September 24, 2021 ~~August 23, 2021~~, Cboe Options Exchange ("C1") will replace the current manual halt and reopening process with an automated system halt and reopening process for SPX and VIX options during Global Trading Hours (GTH) when any of the following events occur, *subject to regulatory review*.

- C1 detects a halt message from CME indicating the Dynamic Circuit Breaker has been triggered for any SPX or VIX related futures (currently CME S&P 500 E-Mini futures) on CME during CME Overnight Trading Hours (OTH).
- C1 receives a top of book update from CME S&P 500 E-Mini futures have reached a limit state during CME OTH.

Technical Details

Upon the effective date C1 will implement the trading halt and reopening processes detailed below.

Dynamic Circuit Breaker Triggered Trading Halt & Reopening

When C1 detects a halt message from CME indicating the Dynamic Circuit Breaker has been triggered for CME S&P 500 E-Mini futures on CME during the CME OTH, trading will halt for related index options for **two minutes**.

- Dynamic Circuit Breakers are currently in effect with a width of 3.5%. If a contract market moves beyond +/- 3.5% within an hour during the CME OTH, a Dynamic Circuit Breaker is triggered.
- C1 will queue any orders or quotes resting on the Book at the time of a trading halt in the Queuing Book for participation in the opening rotation following the trading halt, unless the user entered instructions to cancel resting orders and quotes.
- New orders/quotes, modifications to orders/quotes and cancellations for orders/quotes, will be accepted during the halt period.

- After a period of two minutes, Cboe will reopen SPX and VIX options for trading as described in Cboe Options Rule 5.31(g).
- Cboe will send an automated email notification to indicate that GTH Trading is halted for SPX and/or VIX options as well as the steps required for reopening these products.

OTH Price Limits Trading Halt & Reopening

When C1 receives a top of book update from CME indicating CME S&P 500 E-Mini futures have reached a limit state on CME during CME OTH, trading will halt for related index options for **ten minutes**.

- CME futures are defined to have reached a limit state when CME futures are bid at their upper limit price or offered at their lower limit price. CME's OTH Price Limit upper and lower collar setting is 7% when CME Futures reach a limit state.
- All current orders/quotes will be automatically cancelled or retained as determined by the "Cancel On Regulatory Halt" port setting submitted with the order.
- New orders/quotes, modifications to orders/quotes and cancellations for orders/quotes, will be accepted during the halt period.
- Trading will resume as described in Cboe Options Rule 5.31(g) once the ten-minute halt period has passed AND CME S&P 500 E-Mini futures have not been in a limit state for a rolling period of thirty consecutive seconds (beginning prior to the conclusion of the halt period).
- Cboe will send an automated email notification to indicate that GTH Trading is halted for SPX and/or VIX options as well as the steps required for reopening these products.

Additional Information

Implementation of this automated halt and reopening process will not preclude C1 from retaining the ability to manually monitor and initiate a trading halt or resume trading during GTH, pursuant to current C1 Rule 5.20(a) and (b) if it is determined to be in the interests of maintaining a fair and orderly market and to protect investors.

For more information, please refer to the following documents.

- [CME Special Executive Report 8658](#)
- [Cboe Rule Filing SR-CBOE-2021-040](#)

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

We appreciate your business. Our trading community inspires and drives our mission of defining markets.

Cboe Trade Desk

913.815.7001

tradedesk@cboe.com