



Update - Cboe Implements Final Phase of Market Maker Account Validation Process

Reference ID: C2021011401

Overview

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

[As previously announced](#), effective October 5, 2020, BZX Options ("BZX"), Cboe Options ("C1"), C2 Options ("C2"), and EDGX Options ("EDGX") (collectively, the "Exchanges") began validating Market Maker Accounts registered with the OCC for use by the Market-Maker on a given Exchange against the Market-Maker Account provided in the *ClearingAccount* (FIX Tag 440) field on orders and quotes routed to the given Exchange with the 'M' (Market Maker) value populated in the *OrderCapacity* (FIX Tag 47) field.

Effective February 8, 2021, the manual validation and firm contact administered by Membership Services will be replaced by system enforcement of the requirement for registered Market Maker accounts.

Technical Details (Update)

Quotes and orders sent with *OrderCapacity* = 'M' are evaluated and validated based on the first three (3) characters of the *ClearingAccount* field. Edits to *ClearingAccount* in the Clearing Editor tool will also be validated. The *ClearingAccount* field will also be validated when populated with the Trade Entry tool accessed via the Customer Web Portal.

On the effective date all Cboe-affiliated options exchanges will reject back to the firm any quotes or orders with unregistered Market-Maker Accounts in the *ClearingAccount* field. For orders submitted via the FIX or BOE protocol, the reject reason code will be 'A = Admin' with a new sub-reason code 'L = Unregistered MM Account'. If an invalid *ClearingAccount* value is sent on the Quote Update message via the BOE Quoting Interface, the system will respond with the Quote Update Rejected message containing the *QuoteRejectReason* value of 'C = InvalidClearing'.

If your firm does not act as a Market-Maker in the production environment, but does test in the certification environment, sending orders with *OrderCapacity* = 'M', please contact the Cboe Trade Desk to avoid order rejects in the certification environment.

Providing Market-Maker Account Participant Information to Cboe

Additionally, Members and TPHs are required to identify and keep current all Account Participants for each registered Market-Maker Account registered with the OCC for use by the Market-Maker on a given

Exchange through the Market Maker Accounts/Participants tool accessed via the Cboe Customer Web Portal. This enhanced Customer Web Portal tool provides Members and TPHs an automated and efficient way to provide account participant information to the Exchanges, in accordance with applicable rules (e.g., BZX/EDGX Rule 22.7, C1 Rule 7.6 and C2 Rule 8.7).

Please note that there is a one business day delay for Cboe to acknowledge newly registered Market-Maker Accounts. For example, if a TPH registers an account at the OCC on a Friday, December 18, 2020, Cboe begins processing that file Friday evening and the new account status is considered active Monday, December 21, 2020.

Testing Opportunities

System enforcement of Market-Maker Account validation is currently available for testing in the BZX Options, Cboe Options, C2 Options, and EDGX Options certification environments.

Additional Information

For additional information refer to the following technical specifications.

- [US Options BOE Specification](#)
- [US Options FIX Specification](#)
- [US Customer Web Portal Specification](#)

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

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

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