Cboe EDGX and C2 Options Introduce New Net, Leg Price Increments and Enhanced Handling for Complex Orders with Non-Conforming Ratios

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Overview

Applicable Cboe Exchanges: EDGX Options, C2 Options

Effective July 18, 2022, and as previously implemented on Cboe Options Exchange ("C1"), EDGX Options ("EDGX") and C2 Options ("C2") will allow submission of complex option orders with any ratio to have a net price in a $.01 increment.

Further, leg execution prices for all complex orders, regardless of ratio, will be permitted in $0.01 increments.

On EDGX, for stock-option orders of any ratio, the net price will be accepted with up to four decimal places. The option legs must print in $.01 increments; the stock leg may print in increments up to four decimal places.

Technical Details

Currently, electronic processing via COA and COB, and AIM, SAM, and QCC on EDGX, is only permitted for applicable conforming Complex Orders with a ratio less than or equal to 3:1 (largest versus smallest option leg); stock-option orders less than or equal to 8:100 shares (smallest option leg versus shares) and 3:1 (largest versus smallest option leg); and Index Combo orders less than or equal to 8:1 combo (smallest non-combo leg versus smallest combo) and 3:1 (largest versus smallest non-combo leg) for index orders with one or more Index Combinations/synthetic futures and at least one additional leg.

On the effective date, automated handling via COA, COB, AIM, and QCC, as applicable, will be available for applicable non-conforming orders. Permissible net price increments and component leg execution price increments are as follows:

- The minimum net price increment for bids and offers on complex option orders in any class is $0.01, regardless of ratio. The execution price for any leg may be in a $0.01 increment.
- On EDGX, the net price for stock-option orders may be up to four decimal places. The execution price for any option leg may be in a $0.01 increment; the stock leg may print in increments up to four decimal places.

The following additional trading restrictions/conditions will apply to non-conforming Complex Orders with a ratio greater than those applicable to conforming complex orders defined above:

- Execution prices for each option leg must be at or inside the NBBO (by contrast, conforming complex orders may potentially qualify for the "Complex Trade" exception to trade through the NBBO).
- Execution prices for each option leg must improve the local BBO by at least $0.01 when there is a Priority Customer Order resting at the BBO on that leg (by contrast, conforming complex orders may potentially trade at the same price as a Priority Customer Order resting at the BBO on a given leg (but not all legs) if certain conditions are satisfied.
- On EDGX, the execution price for the stock leg may be $0.005 outside the NBBO, but only when necessary to eliminate rounding errors versus the net price. The execution price will remain within the Limit Up/Limit Down price bands and will adhere to any restrictions that are in effect.
- The above requirements will be systematically enforced by the matching engine.

Testing Opportunities

This functionality is currently available for testing in the EDGX and C2 certification environments.

Additional Information

For more information, please refer to the following technical specifications:

- [US Options Complex Book Process](#)

Please contact the Floor Operations team or msfmgt@cboe.com for business questions, reginterps@cboe.com for regulatory questions, or the Cboe Trade Desk for support or with any other questions.

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