



Correction - New Cboe Options Obvious Error Procedures Effective July 1, 2022

Reference ID: C2022062200

Overview

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

Effective July 1, 2022, the Cboe-affiliated U.S. Options Exchanges, in coordination with all U.S. options exchanges, will update the existing harmonized Obvious Error rules and review procedures as outlined below. Obvious Error filing [procedures](#) will remain unchanged and the form can be accessed using the [public form](#) or the [Cboe Customer Web Portal](#).

Technical Details **(UPDATED)**

Theoretical Price Determination for Customer Trades within 10 seconds of the Open/Reopen

- For Customer trades occurring within 10 seconds or less after a market open or a reopen after a market halt, the Exchange will determine the Theoretical Price if the bid/ask differential of the NBB and NBO for the affected series just prior to the erroneous transaction was deemed **wide** (equal to or greater than the Minimum Amount detailed below), **and** there was a bid/ask differential **not wide** (less than the Minimum Amount detailed below) anytime within 10 seconds following a market open/reopen.
- For Customer trades occurring within 10 seconds or less after a market open or a reopen after a market halt, if the bid/ask differential of the NBB and NBO for the affected series prior to the erroneous transaction was **always wide** (equal to or greater than the Minimum Amount detailed below ~~less than the Minimum Amount detailed below~~), the Theoretical Price will be the last NBB or NBO just prior to the Customer transaction in question.

Bid Price at Time of Trade	Minimum Amount
Below \$2.00	\$0.75
\$2.00 to \$5.00	\$1.25
Above \$5.00 to \$10.00	\$1.50
Above \$10.00 to \$20.00	\$2.50
Above \$20.00 to \$50.00	\$3.00
Above \$50.00 to \$100.00	\$4.50
Above \$100.00	\$6.00

*No changes made to the existing minimum amount threshold values

Customer Transactions to be Adjusted Instead of Busted

When at least one party to the Obvious Error is a Customer, the execution price of the transaction will be adjusted according to the table below rather than nullified. However, if such adjustment(s) would result in an execution price violating a Customer's limit price, then the trade will instead be nullified.

Theoretical Price (TP)	Buy Transaction Adjustment – TP Plus	Sell Transaction Adjustment – TP Minus
Below \$3.00	\$0.15	\$0.15
At or above \$3.00	\$0.30	\$0.30

*No changes made to the existing adjustment threshold values

Any Customer Obvious Error exceeding 50 contracts will also be subject to the existing Size Adjustment Modifier defined in the table below.

Number of Contracts per Execution	Adjustment – TP Plus/Minus
1-50	N/A
51-250	2 times adjustment amount
251-1000	2.5 times adjustment amount
1001 or more	3 times adjustment amount

*No changes made to the existing size modifier values

Additional Information

For more information, please refer to the following documents:

- Applicable rule filings for [BZX](#), [C1](#), [C2](#), and [EDGX](#) Options Exchanges
- [Cboe Exchange Rule Books](#)
- [Cboe Customer Web Portal Specification](#)

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

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