



Cboe Options Exchange Announces Support for QCC with an Equity Leg and Improved Pricing Precision on Complex Orders with an Equity Leg

Overview

Cboe Options Exchange (“Cboe Options”) is pleased to announce it will be implementing two updates to system functionality in the 2nd quarter of 2018, pending rule approval. QCC orders will be allowed to include a stock leg; and complex orders with a stock leg will allow the stock leg to have a price with four decimal places of precision.

QCC with an Equity Leg

Cboe Options currently allows entry of single and multi-leg Qualified Contingent Cross (“QCC”) option orders in all Cboe non-exclusive options classes. The underlying hedge portion of the transaction currently must be executed separately.

With the upcoming system enhancement, the equity portion of the QCC trade can be submitted as a leg on the QCC order, removing the necessity to execute the hedge as a separate trade. The options portion of the transaction will be executed and printed on the Cboe Options Exchange, and the underlying portion of the transaction will be processed as a QCT cross on the NYFX TRF by Cowen, which acts as Cboe’s equity broker on electronic stock-option executions (e.g., buy-writes, conversions, reversals, etc., and now QCCs). Details on QCC rules and functionality can be found in Regulatory Circular [RG15-87](#) and in Cboe Rule 6.53(u). In order to be processed electronically, all orders that include a stock leg must comply with information included in Regulatory Circular [RG12-88](#).

Four Digit Decimal Price on Complex Orders with an Equity Leg

Cboe Options currently allows a price on all orders that includes 2 digits to the right of the decimal. With the upcoming enhancement, a price with four decimal places will be allowed on all complex orders that include a stock leg and that are routed for electronic trading. Additionally, a price with four decimal places will be allowed on COA and AIM responses for all complex orders that include a stock leg. Orders with a price that includes more than two decimal places that are routed for manual handling will be cancelled back to the sender.

A separate notice will be disseminated when the ability to route orders with stock with four decimal places is available on Pulse.

Additional Information

Questions may be directed to Trading Systems Development (“TSD”). Please contact the Cboe API group to schedule any necessary testing. For additional information regarding operational matters, please contact the Operations Support Center.

We appreciate your continued support and will work hard every day to keep earning your business by powering your potential to stay ahead of an evolving market. As always, we are committed to our customers and to making markets better as your partner in trading.

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