Rule 21.1. Definitions

The following definitions apply to Chapter XXI for the trading of options listed on EDGX Options.

(a) – (c) No change.

(d) The term “Order” shall mean a single order (including a bulk message) submitted to the System by a User and shall include both Attributable and Non-Attributable Orders, as defined below. The System shall treat all Orders (including bulk messages) as Non-Attributable Orders unless a User has entered instructions to treat such Orders as Attributable Orders.

(1) – (3) No change.

(4) [(Reserved.)] “All-or-None orders” or “AON orders” are orders to be executed in their entirety or not at all. AON orders may be market or limit orders.

(A) The Exchange does not disseminate bids or offers of AON orders to OPRA.

(B) A User may not designate an AON order as Post Only.

(C) An AON limit order is always subject to the Price Adjust process as set forth in paragraph (i) below.

(D) A User may apply MCN (as defined in subparagraph (g)(1) below), but no other MTP Modifiers (if a User applies any other MTP Modifier to an AON order, the System handles it as an MCN), to an AON order.

(E) The Exchange may restrict the entry of AON orders in a series or class if the Exchange deems it necessary or appropriate to maintain a fair and orderly market.

(5) – (12) No change.

(e) – (h) No change.
(i) Price Adjust.

(1) The System may adjust the price of an order as follows (“Price Adjust”):

(A) Incoming Non-AON Orders. If a buy (sell) non-AON order that, at the time of entry, would lock or cross:

   (i) a Protected Quotation of another options exchange or the Exchange, the System ranks and displays the order at one minimum price variation below (above) the current NBO (NBB); or
   (for bids) or to one minimum price variation above the current NBB (for offers) (“Price Adjust”).

   (ii) the offer (bid) of a sell (buy) AON order resting on the EDGX Options Book at or better than the Exchange’s best offer (bid), the System ranks the resting AON order one minimum price variation above (below) the bid (offer) of the non-AON order.

(B) Incoming AON Orders. If a buy (sell) AON order, at the time of entry, would:

   (i) cross a Protected Offer (Bid) of another options exchange or a sell (buy) AON order resting on the EDGX Options Book at or better than the Exchange’s best offer (bid), the System ranks the incoming AON order at a price equal to the Protected Offer (Bid) or the offer (bid) of the resting AON order, respectively; or

   (ii) lock or cross a Protected Offer (Bid) of the Exchange, the System ranks the incoming AON order at a price one minimum price variation below (above) the Protected Offer (Bid).

(2) In the event the circumstances that caused the System to adjust the price of an order pursuant to subparagraph (1) change so that it would not lock or cross, as applicable, a Protected Quotation or an AON resting on the EDGX Options Book at a price at or better than the Exchange’s BBO[NBBO changes such that an order subject to Price Adjust would not lock or cross a Protected Quotation], the order subject to the Price Adjust will receive a new timestamp[,]. Such order [and] will be ranked or displayed at a price that locks or is one minimum price variation away from the new Protected Quotation or AON resting on the EDGX Options Book at or better than the Exchange’s BBO [the price that originally locked the NBO (for bids) or NBB (for offers) on entry]. All orders that are re-ranked and re-displayed (if applicable) pursuant to Price Adjust will retain their priority as compared to other orders subject to Price Adjust based upon the time such orders were initially received by the Exchange. Following the initial ranking and display (if applicable) of an order subject to Price Adjust, an order will only be re-ranked and re-displayed (if applicable) to the extent it achieves a more aggressive price up to its limit price.
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Rule 21.7. Market Opening Procedures

(a) Order Entry Period. The Exchange will accept market and limit orders and quotes for inclusion in the opening process (the “Opening Process”) beginning at 7:30 am Eastern Time or immediately upon trading being halted in an option series due to the primary listing market for the applicable underlying security declaring a regulatory trading halt, suspension, or pause with respect to such security (a “Regulatory Halt”), with respect to equity options, and will continue to accept market and limit orders and quotes until such time as the Opening Process is initiated in that option series (the “Order Entry Period”). The Exchange will not accept IOC or FOK orders for queuing prior to the completion of the Opening Process. The Exchange will accept AON orders for queuing prior to the completion of the Opening Process, but AON orders will not participate in the Opening Process. Following completion of the Opening Process, the System processes any queued AON orders in accordance with Rule 21.8. The Exchange will convert all ISOs entered for queuing prior to the completion of the Opening Process into non-ISOs. For equity options, where a User has entered instructions not to cancel its open orders upon a halt pursuant to Rule 20.3(b), such orders will be queued for participation in the Opening Process for a Regulatory Halt or will be cancelled for a halt that is not a Regulatory Halt. Where trading is halted pursuant to Rule 20.3, but it is not due to a Regulatory Halt, there will be no Order Entry Period and trading shall be resumed upon the determination by the Exchange that the conditions which led to the halt are no longer present or that the interests of a fair and orderly market are best served by a resumption of trading. Orders entered during the Order Entry Period will not be eligible for execution until the Opening Process occurs.

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Rule 21.8. Order Display and Book Processing

(a) – (l) No change.

(m) All-or-None Orders. AON orders have last priority at each price level (including after nondisplayed Reserve Quantity). The System allocates AON orders at the same price based on the time the System receives them (i.e., in time priority), except if the Exchange applies the Customer Overlay to a class, Priority Customer AON orders have priority over non-Priority Customer AON orders.

(1) A transaction may occur at the same price as an AON order resting on the EDGX Options Book without the AON order participating in the transaction.

(2) Notwithstanding paragraph (b) above, a transaction may occur at a price lower (higher) than an AON order bid (offer) resting on the EDGX Options Book if the size of the resting AON order cannot be satisfied.

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Rule 21.9. Order Routing

(a) General. For System securities, the order routing process shall be available to Users from 9:30 a.m. Eastern Time until market close. Users can designate orders as either available for routing or not available for routing. Orders designated as not available for routing and bulk messages, which are not eligible for routing, shall follow the book processing rules set forth in Rule 21.8 (Order Display and Book Processing) above.

(1) Routing to Away Options Exchanges. Orders designated as available for routing will first check the EDGX Options Book for available contracts for execution pursuant to Rule 21.8 (Order Display and Book Processing). After checking the EDGX Options Book for available contracts and subjecting orders to the Step Up Mechanism defined in Rule 21.18, unless otherwise instructed by the User, the System will designate orders as IOCs and will cause such orders to be routed to one or more options exchanges for potential execution, per the entering User’s instructions. The System only routes an AON order (as a FOK) designated as available for routing to options exchanges with sufficient size to satisfy the AON order. After the System receives responses to orders that were routed away, to the extent an order is not executed in full through the routing process, the System will process the balance of such order as follows. Depending on parameters set by the User when the incoming order was originally entered, the System will either:

(A) – (E) No change.

(2) No change.

(3) Re-Route Instructions. Unless otherwise specified, the Re-Route instructions set forth below may be combined with any of the System routing options specified in paragraph (a)(2) above.

(A) No change.

(B) Super Aggressive. To the extent the unfilled balance of a routable order has been posted to the EDGX Options Book pursuant to paragraph (a)(1) above, should the order subsequently be locked or crossed by another accessible options exchange, the System shall route the order to the locking or crossing options exchange if the User has selected the Super Aggressive Re-Route instruction. A User may not apply the Super Aggressive Re-Route instruction to an AON order.

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Rule 21.18. Step Up Mechanism

This Rule governs the operation of the Step Up Mechanism (“SUM”). SUM is a feature within the System that provides automated order handling in designated classes trading for qualifying orders that are not automatically executed by the System.
(a) – (b) No change.

(c) Allocation of Exposed Orders.

(1) Any responses priced at the prevailing NBBO or better shall immediately trade against the order (on a first come, first served basis), unless the exposed order is an AON order, in which case the System holds the responses until there is sufficient aggregate size to satisfy the AON order or the exposure period terminates.

(2) – (5) No change.

(d) Early Termination of Exposure Period. In addition to the receipt of a response, [[or unrelated order or quote]] (or, if the exposed order is an AON order, multiple responses or unrelated orders and quotes with sufficient aggregate size to satisfy the AON order), to trade the entire exposed order at the NBBO or better, the exposure period will also terminate prior to its expiration and the exposed order shall be processed in accordance with paragraph (c) above if during the exposure period:

(1) the NBBO updates such that the exposed order is no longer marketable against the prevailing NBBO; [or]

(2) the Exchange is displaying an unrelated order on the same side of the market as the exposed order and such displayed order is subsequently locked or crossed by another options exchange[.]; or

(3) if an AON order is exposed, the Exchange receives an unrelated order or quote that would be displayed at a price at or better than the NBBO with insufficient size to satisfy the exposed order.

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Rule 21.19. Automated Improvement Mechanism (“AIM” or “AIM Auction”)

An Options Member (the “Initiating Member”) may electronically submit for execution an order it represents as agent (“Agency Order”) against principal interest or a solicited order(s) (except for an order for the account of any Options Market Maker registered in the applicable series on the Exchange) (an “Initiating Order”) provided it submits the Agency Order for electronic execution into an AIM Auction pursuant to this Rule. For purposes of this Rule, the term “NBBO” means the national best bid or national best offer at the particular point in time applicable to the reference, and the term “Initial NBBO” means the national best bid or national best offer at the time an Auction is initiated. Bulk messages are not eligible for AIM.

(a) – (d) No change.
(e) Execution of Agency Order. At the conclusion of the Auction, the System allocates contra-side interest against the Agency Order at the best price(s) as follows:

(1) No Price Improvement. If the Auction results in no price improvement, the System executes the Agency Order at the stop price, which price must be at or better than the both sides of the EDGX BBO, against contra-side interest in the following order:

(A) – (C) No change.

(D) All other contra-side trading interest (including AIM responses and orders and quotes on the EDGX Options Book, excluding AON orders) pursuant to Rule 21.8(c); and

(E) No change.

(2) Price Improvement with Single-Price Submission. If the Auction results in price improvement for the Agency Order and the Initiating Member selected a single-price submission, the System executes the Agency Order at each price level better than the stop price against contra-side interest in the following order:

(A) – (C) No change.

(C) All other contra-side trading interest (including AIM responses and orders and quotes on the EDGX Options Book) pursuant to Rule 21.8(c); [and]

(D) [Any n]Nondisplayed Reserve Quantity (Priority Customer before non-Priority Customer, each in time priority); and

(E) AON orders, if there is sufficient size to satisfy the size of the AON order (Priority Customer before non-Priority Customer, each in time priority).

If the price at which the balance of the Agency Order can be fully executed equals the stop price, then the System executes any remaining contracts from the Agency Order at that price in the order set forth in subparagraph (e)(1).

(3) Price Improvement with Auto-Match. If the Auction results in price improvement for the Agency Order and the Initiating Member selected auto-match, at each price level better than the stop price (or at each price level better than the stop price up to the limit price if the Initiating Member specified one), the System executes the Agency Order against the Initiating Order for the number of contracts equal to the aggregate size of all other contra-side interest (including orders, quotes, and AIM responses, excluding the size of any AON orders) and then executes the Agency Order against that contra-side interest in the order set forth in subparagraph (e)(2) (including AON orders for which the size can be satisfied). If there are any remaining contracts from the Agency Order at the stop price, the System executes
(4) No change.

(5) Last Priority. If the Initiating Member selects a single-price submission, it may elect for the Initiating Order to have last priority to trade against the Agency Order. If the Initiating Member elects last priority, then notwithstanding subparagraphs (e)(1) and (2), the System only executes the Initiating Order against any remaining Agency Order contracts at stop price after the Agency Order is allocated to all other contra-side interest (in the order set forth in subparagraph (e)(2) above) at all prices equal to or better than the stop price (excluding AON orders at the stop price). Last Priority information is not available to other market participants and may not be modified after it is submitted.

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Rule 21.20. Complex Orders

(a) No change.

(b) Availability of Types of Complex Orders. The Exchange will determine and communicate to Members via specifications and/or a Regulatory Circular listing when the complex order types, among the complex order types set forth in this Rule, are available for use on the Exchange. The complex order types that may be submitted are limit orders and market orders, and orders with a Time in Force of GTD, IOC, DAY, GTC, or OPG as such terms are defined in Rule 21.1(f). [Users] Members may not submit complex orders through bulk ports. The following complex orders will also be accepted by the Exchange:

(1) No change.

(2) COA-Eligible and Do Not COA Orders. Complex orders that are marked as IOC will, by default, not initiate a COA upon arrival, but a Member that submits an order marked IOC may elect to opt-in to initiating a COA and any quantity of the IOC order not executed will be cancelled at the end of the COA. Complex Orders that are marked Post Only with any Time in Force will, by default, not initiate a COA, and if a Member marks a Post Only complex order to initiate a COA, that order will be cancelled. An incoming AON complex order will initiate a COA, and if a Member marks an AON complex order to not initiate a COA, or an AON complex order does not satisfy the COA eligibility criteria in subparagraph (d)(1) below, the System cancels the AON complex order. All other Times in Force will by default initiate a COA, but a Member may elect to opt-out of initiating a COA. Orders with instructions to (or which default to) initiate a COA are referred to as COA-eligible orders, subject to the additional eligibility requirements set forth in this rule, while orders with instructions not to (or which default not to) initiate a COA, including orders that are marked Post Only, are referred to as do-not-COA orders.
(3) No change.

(4) Book Only Complex Order. A “Book Only complex order” is a complex order the System ranks and executes pursuant to this Rule 21.20 or cancels or rejects, as applicable (in accordance with the [User’s] Member’s instructions).

(5) Post Only Complex Order. A “Post Only complex order” is a complex order the System ranks and executes pursuant to this Rule 21.20 or cancels or rejects, as applicable (in accordance with the [User’s] Member’s instructions), except the order may not remove liquidity from the COB or the Simple Book. The System cancels or rejects a Post Only market complex order unless it is subject to the drill-through protection in Interpretation and Policy .04(f) of this Rule 21.20.

(6) AON Complex Order. An “AON complex order” is a complex order that is to be executed in its entirety or not at all. An AON complex order may only execute following a COA, and is not eligible to rest in the COB.

(c) Trading of Complex Orders. The Exchange will determine and communicate to Members via specifications and/or Regulatory Circular which complex order origin codes (i.e., non-broker-dealer customers, broker-dealers that are not Market Makers on an options exchange, and/or Market Makers on an options exchange) are eligible for entry onto the COB. Complex orders will be subject to all other Exchange Rules that pertain to orders submitted to the Exchange generally, unless otherwise provided in this Rule.

(1) No change.

(2) Execution of Complex Orders.

(A) – (D) No change.

(E) Prices for Complex Strategy Executions. Incoming complex orders will be executed by the System in accordance with the provisions set forth herein, and will not be executed at prices inferior to the SBBO or at a price that is equal to the SBBO when there is a Priority Customer Order at the best SBBO price; however, AON complex orders may only execute at prices better than the SBBO. Complex orders will never be executed at a price that is outside of the individual component prices on the Simple Book, and the net price of a complex order executed against another complex order on the COB will never be inferior to the price that would be available if the complex order legged into the Simple Book. Incoming complex orders that could not be executed because the executions would be priced (i) outside of the SBBO, or (ii) equal to the SBBO when there is a Priority Customer Order at the best SBBO price, will be cancelled if such complex orders are not eligible to be placed on the COB. Complex orders will be executed without consideration of any prices for the complex strategy that might be available on other exchanges trading the same complex strategy provided,
however, that such complex order price may be subject to the Drill-Through Price Protection described in Interpretation and Policy .04(f) of this Rule.

(F) Legging. Complex orders up to a maximum number of legs (determined by the Exchange on a class-by-class basis as either two, three, or four legs and communicated to Members via specifications and/or Regulatory Circular) may be automatically executed against bids and offers on the Simple Book for the individual legs of the complex order (“Legging”), provided the complex order can be executed in full or in a permissible ratio by such bids and offers. Complex orders with two option legs where both legs are buying or both legs are selling and both legs are calls or both legs are puts may only trade against other complex orders on the COB and will not be permitted to leg into the Simple Book. Notwithstanding the foregoing, all two leg COA-eligible Customer complex orders will be allowed to leg into the Simple Book without restriction. Complex orders with three or four option legs where all legs are buying or all legs are selling may only trade against other complex orders on the COB and will not leg into the Simple Book, regardless of whether the option leg is a call or a put. Complex orders marked Post Only and AON complex orders may not Leg into the Simple Book.

(G) No change.

(3) – (6) No change.

(d) COA Process. All option classes will be eligible to participate in a COA. Upon evaluation as set forth in subparagraph (c)(5) above, the Exchange may determine to automatically submit a COA-eligible order into a COA.

(1) COA-eligible order. A “COA-eligible order” means a complex order that, as determined by the Exchange, is eligible to initiate a COA based upon the Member’s instructions, the order’s marketability (i.e., if the price of such order is equal to or better than the current SBBO, subject to applicable restrictions when a Priority Customer Order comprises a portion of the SBBO) as determined by the Exchange, number of components, and complex order origin codes (i.e., non-broker-dealer customers, broker-dealers that are not market makers on an options exchange, and/or market makers on an options exchange as determined by the Exchange). An AON complex order that does not satisfy these eligibility criteria will be cancelled. Determinations by the Exchange with respect to COA eligibility will be communicated to Members via specifications and/or Regulatory Circular. In order to initiate a COA upon receipt, a COA-eligible order must be designated as such and must meet the criteria described in Interpretation and Policy .02 of this Rule. Complex orders processed through a COA may be executed without consideration to prices of the same complex interest that might be available on other exchanges. A COA will be allowed to occur at the same time as other COAs for the same complex strategy.
(2) – (5) No change.

(6) COA Pricing. A complex strategy will not be executed at a net price that would cause any component of the complex strategy to be executed: (A) at a price of zero; or (B) ahead of a Priority Customer Order on the Simple Book without improving the BBO on at least one component of the complex strategy by at least $.01. At the conclusion of the Response Time Interval, COA-eligible orders will be allocated pursuant to subparagraph (7) below. An AON complex order may only execute following a COA at a price that improves the then-current SBBO.

(7) Allocation at the Conclusion of a COA. Orders executed in a COA will be allocated first in price priority based on their original limit price as follows:

(A) Priority Customer Orders resting on the Simple Book;
(B) COA Responses and unrelated orders on the COB in time priority; and
(C) Remaining individual orders in the Simple Book (i.e., non-Priority Customer), which will be allocated pursuant to Rule 21.8.

Notwithstanding the foregoing, at the conclusion of a COA of an AON complex order, the AON complex order may only execute against COA Responses and unrelated orders on the COB in price-time priority if there is sufficient size to satisfy the AON complex order (and may not execute against orders in the Simple Book). If there is insufficient size to satisfy the AON complex order, the System cancels the order.