CFE Regulatory Circular RG17-005

Date: May 16, 2017

To: CFE Trading Privilege Holders and Market Data Recipients

From: CFE Help Desk

RE: Recommended CFE Best Practices

CBOE Futures Exchange, LLC (CFE) Trading Privilege Holders (TPHs) and market data recipients are strongly encouraged to follow the "best practices" below in order to mitigate potential issues in interfacing with CFE's trading system and market data services. This circular is not a comprehensive listing of all possible issues, but rather is a guide to a number of common questions.

Execution

Execution and/or Clearing Reports in Excess of Original Order Quantity: In the event that a TPH receives an execution and/or clearing report in excess of the original order quantity, the TPH should contact the Help Desk immediately to provide notice of the problem and determine whether further market action is required by the TPH.

Execution Discrepancies: TPHs should match and reconcile execution reports to the original order, even if the order appears to have been rejected or not acknowledged by CFE. If executions cannot be reconciled for any reason, the TPH should immediately contact the Help Desk.

General

Cancel Orders on Disconnect: It is recommended that TPHs use this feature to cancel any day orders submitted to CFE to avoid market exposure when disconnects occur unexpectedly. This feature is further described in CFE Regulatory Circular CFERG13-014 and CFE Rule 513A(e). Contact the API Department for more information on how to program for this feature.

Possible Resend/Possible Dupe: If PossResend or PossDupe reports are received, the receiving TPH must understand that these reports are only possible resends/duplicates that may have been sent previously. Accordingly, the TPH should contact the Help Desk before taking market action on these reports. To test this further in the API test environment, please contact the API group to schedule test time.

Risk Controls: Following API certification, TPHs need to contact their clearing firm to ensure that Risk Controls have been "Enabled" and limits have been set. Please refer to Circular CFERG16-007 for further details.

Timely Reporting: Timely reporting is required for any problem that may require Help Desk assistance.
- Self-Trade bust requests must be made within 8 minutes of the Self-Trade event.
- All parties must contact the exchange within 8 minutes to bust a trade that occurs outside the CFE "No Bust Range". Error trade processes are further described in Policy and Procedure III of the Policies and Procedures section of the CFE Rulebook.

- Block Trade reporting is required within 10 minutes of the trade time (subject to the Block Trade reporting time frames under CFE Rule 415(g)).
- Exchange of Contract for Related Position (ECRP) trades must be reported within 30 minutes of the trade time (subject to the ECRP reporting time frames under CFE Rule 414(i)).
- Corrections to Block or ECRP trades must be reported within 30 minutes of the trade confirmation receipt.

Valid Trading Days: TPHs should only process trade data for valid trading days. CFE may operate systems for testing purposes on non-business days, and TPHs that connect on these days may receive test execution reports and must recognize that these reports are not valid. Please refer to the CFE website at http://cfe.cboe.com/aboutcfe/ExpirationCalendar.aspx for valid CFE trading days, including extended hours trading.

Messages

Delayed Acknowledgement/Report: If a quote update, quote cancel, or order or order cancel acknowledgement or report is not received within a time interval that is acceptable to the TPH, the TPH should contact the Help Desk immediately.

Enhanced Market Data (CSM) including Top of Book and Book Depth Data: To ensure uninterrupted market data availability, CFE market data recipients are advised to have both Primary (A side) and Secondary (B side) network connections for the receipt of CSM market data. Having both Primary and Secondary network connections allows market data recipients to receive market data when the A side primary network router is down and the B side router takes over. Any party that directly connects to CFE is required to have redundant connections. See Footnote 32 of the CFE Fee Schedule for additional details.

Guaranteed Message Delivery (GMD): TPHs should follow the GMD procedures in order to properly handle possible status message resends. Please note that resends may occur due to issues on either the CFE side or on the TPH side.

Message Reject Text: If a TPH receives a reject message on a quote or order, and does not recognize the reason text given for the reject (e.g., FIX Tag 58, Reject Reason in CMi), the TPH should immediately contact the Help Desk for clarification.

Remote Transaction Timeout (RTT): An RTT message, rather than a standard acknowledgement, is returned to a TPH if a quote or order takes an extended amount of time to process within CFE's trading system. The RTT message includes the text "Ambiguous Message Dispatch Failure" in FIX and "122 – Request Timeout" in CMI2. The purpose is to release control of the inbound processing back to the TPH without waiting for the situation to clear. It is critical to understand that the order or quote update may or may not have processed successfully. TPHs must contact the Help Desk immediately if they receive an RTT message.

Order Routing

Cancel-Replace Routing: To avoid cases in which the volume in the replace portion of a cancel-replace order does not match the volume remaining in CBOE Command, TPHs are advised to first send a discrete cancel request, rather than a cancel-replace order. After receiving a cancel report, a new replacement order may be submitted.

Populate CMi "Correspondent Firm" (FIX Tag 109 "ClientID"): TPHs should consider populating the CMi field "Correspondent Firm" or FIX Tag 109 "ClientID" when submitting Orders. Populating the CMi field or FIX tag (whichever is applicable) will add an additional Order identifier that will help avoid duplicate Branch/Sequence Number Order rejections. Please refer to CMI and FIX documentation found at https://systems.cboe.com/.

Spread Order Side: For TPHs using the "1-step" method for spread orders, FIX Tag 54 (Side) must always be set to "1" (Same).

Additional Information:

For API specifications, testing or additional technical information, please contact the API Group at api@cboe.com or 312-786-7300 or refer to Best Practices documentation on the API systems website at https://systems.cboe.com. The CFE Help Desk can be reached at 877-226-3773 or cfehelpdesk@cboe.com.