



CFE Regulatory Circular RG18-008

Date: June 15, 2018

To: Trading Privilege Holders

From: Regulatory Division

RE: TAS Order and Test Order Submissions

Cboe Futures Exchange, LLC (“CFE” or “Exchange”) is issuing this regulatory circular to highlight a CFE requirement relating to the submission of Trade at Settlement (“TAS”) orders and two CFE requirements relating to the submission of test orders.

General Standards of Conduct

CFE’s rules set forth standards of conduct that are applicable to activities on the Exchange.

Among these standards are CFE Rule 620 and Policy and Procedure XVIII (“P&P XVIII”) of the Policies and Procedures Section of the CFE Rulebook which prohibit disruptive trading practices. These provisions apply to all market states, including the pre-opening period, the closing period, and all trading sessions. P&P XVIII includes a non-exclusive list of factors that the Exchange may consider in assessing whether specific conduct violates CFE Rule 620.

TAS Order Submissions

CFE Rule 404A sets forth requirements applicable to TAS transactions, and Rule 404A(c) governs when TAS orders may first be submitted at the beginning of a business day. During the time period between Exchange business days for a product, the entry into CFE’s trading system (“CFE System”) of a TAS order in that product prior to the time at which the CFE System disseminates the first pre-opening notice for TAS orders in that product is prohibited. The CFE System disseminates a pre-opening notice for each TAS contract, and the first pre-opening notice for a TAS contract in a product is the pre-opening notice that establishes the time at which TAS orders may be submitted for all TAS contracts in that product. P&P XVIII Paragraph R further provides that the entry of orders prior to the commencement of the pre-opening period in an attempt to “time” the price-time priority queue for TAS transactions, or for other similar purposes, may be considered a disruptive trading practice in violation of Rule 620, Rule 404A(c), or other rules.

Accordingly, the submission of TAS orders in a product prior to the dissemination of the first pre-opening notice for a TAS contract in that product at the beginning of a business day is not permitted. This prohibition applies to any submission of a TAS order prior to the dissemination of this notice, including without limitation, the staging in the CFE System or the submission into the CFE System of a TAS order that is incomplete or inaccurate. For example, an incomplete TAS order may include an order with one or more order submission fields completed with required information and one or more order submission fields that are required to be completed which do not yet contain required information. Similarly, for example, an inaccurate TAS order may include an order with one or more order submission fields that contain incorrect information, such as an incorrect contract identifier, that causes the rejection of the TAS order. TPHs that stage or submit incomplete or inaccurate TAS orders in the CFE System prior to the time when TAS orders may first be submitted in a product may be subject to disciplinary action by the Exchange under Rule 404A(c), Rule 620, or other rules.

Test Order Submissions

CFE Trading Privilege Holders should also be mindful of the following two provisions relating to the submission of test orders within the CFE System production environment.

CFE Rule 513(d) provides that test symbols in the CFE System production environment may only be utilized for legitimate testing purposes.

Additionally, P&P XVIII Paragraph S provides that the entering of an order other than in a test environment or test symbol without the intent to execute a bona fide transaction, including for the purpose of verifying connectivity or checking a data feed, is not permissible. This prohibition does not preclude a market participant from entering a bona fide order that is intended to be executed and where such execution may also serve some other risk management purpose, such as verifying the flow of the executed trades through the market participant's back-office systems.

Violation of either of these provisions may be subject to disciplinary action by the Exchange.

Additional Information

This regulatory circular focuses on two types of potentially improper order submission practices. This regulatory circular is not intended to provide a comprehensive description of standards of conduct that are applicable to activities on the Exchange or of improper order submission practices. TPHs should refer to the [CFE Rulebook](#) and to [Policies & Procedures Section of the CFE Rulebook](#) for additional detail. Please contact CFE Regulatory Interpretations at (312) 786-7229 or AskCFEReg@cboe.com with any questions regarding this regulatory circular or the provisions referenced in this circular.