

Options Market Makers Industry Webinar

1/29/2020

Agenda

- Options Market Maker Quote Exemptive Relief Provision
- What are Options Exchanges Required to Report to CAT?
- What is the Timing on Options Market Maker Quoting Protocol Changes?
- What are IM Options Market Makers Obligations?
- What are the Specific Requirements for each Options Exchange?
- Appendix- Reference Materials

Options Market Maker Exemptive Relief Provision

- Rule 613 of the CAT NMS Plan requires that options exchanges record and report the details of Options Market Maker quotes to the CAT.
- Initially, Rule 613 also required that Options Market Makers record and report all quotes to the CAT.
- Because of the duplicative nature of this data, the Plan Participants requested that Options Market Makers be exempt from the requirement to report Options Market Maker quotes to the CAT. This relief was granted with the stipulation that Quote Sent Time be added to quoting protocols.

What are Options Exchanges Required to Report to CAT?

- Options exchanges report to CAT all activity on their exchange, including Options Market Maker quotes.
- The options exchanges have modified their quoting protocols to capture Quote Sent Time. Once options exchanges begin receiving Quote Sent Time via the quoting protocols, this data will also be submitted to CAT.

What is the Timing on Options Market Maker Quoting Protocol changes?

- By **April 20, 2020**, Options Market Makers *may* begin providing the Quote Sent Time on quotes submitted to option exchanges via quoting protocols.
- By **May 18, 2020**, Options Market Makers *must* provide the Quote Sent Time on all quotes submitted to option exchanges via quoting protocols.

What are IM Options Market Makers Obligations?

- As a result of the Exemptive Relief Provision:
 - Options Market Makers are **not** required to report option quotes. This specifically applies to quotes in which the market maker is a registered market maker and submitted to the exchange using a quoting protocol specified by the respective exchange.
 - Options Market Makers will be required to provide the Quote Sent Time on quotes submitted to options exchanges via the quoting protocols.
- Details, including a listing of protocols which qualify for the exemption, are provided in FAQ K10.
- Options Market Makers must submit all other order related events to CAT. These details are also listed in FAQ K 10.

Where Do I Find the Details?

- [Options Exchange Protocols- December 2019.](#)
- Available in FAQ K10 and the Technical Specifications Repository on catnmsplan.com.

What are the Specific Requirements for each Options Exchange?

If you are a registered IM Options Market Maker using the Interface in this column of the spreadsheet, you do not have to report this activity to CAT.



If you are using the Interface in this column of the spreadsheet, you MUST report this activity to CAT.



exchange	Quoting interface exchange will send to CAT	Order interface exchange will not send to CAT
BOX Options exchange	https://boxoptions.com/assets/SAIL-BX-001E-BOX-SAIL-Specifications-Guide-v2.12_2.pdf	https://boxoptions.com/assets/FIX-BX-002E-BOX-FIX-Specifications-Guide-v4.8.pdf
CBOE Options	Quote Update messages only http://cdn.cboe.com/resources/membership/US_Options_BOE_Specification.pdf	FIX - http://cdn.cboe.com/resources/membership/US_Options_FIX_Specification.pdf non Quote Update messages from BOE - http://cdn.cboe.com/resources/membership/US_Options_BOE_Specification.pdf
CBOE BZX Options	Quote Update messages only http://cdn.cboe.com/resources/membership/US_Options_BOE_Specification.pdf	FIX - http://cdn.cboe.com/resources/membership/US_Options_FIX_Specification.pdf non Quote Update messages from BOE - http://cdn.cboe.com/resources/membership/US_Options_BOE_Specification.pdf
CBOE C2 Options	Quote Update messages only http://cdn.cboe.com/resources/membership/US_Options_BOE_Specification.pdf	FIX - http://cdn.cboe.com/resources/membership/US_Options_FIX_Specification.pdf non Quote Update messages from BOE - http://cdn.cboe.com/resources/membership/US_Options_BOE_Specification.pdf
CBOE EDGX Options	Quote Update messages only http://cdn.cboe.com/resources/membership/US_Options_BOE_Specification.pdf	FIX - http://cdn.cboe.com/resources/membership/US_Options_FIX_Specification.pdf non Quote Update messages from BOE - http://cdn.cboe.com/resources/membership/US_Options_BOE_Specification.pdf
MIAX Emerald	https://www.miaxoptions.com/sites/default/files/page-files/MIAX_Emerald_MIAX_Express_Interface_MEI_v1.0.pdf	https://www.miaxoptions.com/sites/default/files/page-files/MIAX_Emerald_FIX_Order_Interface_FOI_v1
MIAX Options Exchange	https://www.miaxoptions.com/sites/default/files/page-files/MIAX_Express_Interface_MEI_v2.7a.pdf	https://www.miaxoptions.com/sites/default/files/page-files/FIX_Order_Interface_FOI_v2.4.pdf
MIAX Pearl	https://www.miaxoptions.com/sites/default/files/page-files/MIAX_Express_Orders_MEO_v1.2a.pdf ***	https://www.miaxoptions.com/sites/default/files/page-files/MIAX_PEARL_FIX_Order_Interface_FOI_v1.1
Nasdaq	SQF quote messages only http://www.nasdaqtrader.com/MicroNews.aspx?id=OTU2019-4	QUO, FIX
Nasdaq BX	SQF quote messages only http://www.nasdaqtrader.com/MicroNews.aspx?id=OTU2019-4	FIX
Nasdaq GEMX	SQF quote messages only http://www.nasdaqtrader.com/MicroNews.aspx?id=OTU2019-4	OTTO, FIX, Precise
Nasdaq ISE	SQF quote messages only http://www.nasdaqtrader.com/MicroNews.aspx?id=OTU2019-4	OTTO, FIX, Precise
Nasdaq MRX	SQF quote messages only http://www.nasdaqtrader.com/MicroNews.aspx?id=OTU2019-4	OTTO, FIX
Nasdaq PHLX	SQF quote messages only http://www.nasdaqtrader.com/MicroNews.aspx?id=OTU2019-4	FIX
NYSE American Options	MM direct https://www.nyse.com/publicdocs/nyse/markets/american-options/MarketMakerDirectOptionsSpec.pdf	UGW Binary https://www.nyse.com/publicdocs/nyse/markets/arca-options/Binary_Gateway_Spec.pdf FIX https://www.nyse.com/publicdocs/nyse/markets/nyse/FIX_Specification_and_API.pdf
NYSE Arca Options	MM direct https://www.nyse.com/publicdocs/nyse/markets/american-options/MarketMakerDirectOptionsSpec.pdf	UGW Binary https://www.nyse.com/publicdocs/nyse/markets/arca-options/Binary_Gateway_Spec.pdf FIX https://www.nyse.com/publicdocs/nyse/markets/nyse/FIX_Specification_and_API.pdf
	*** MIAX PEARL will only send Binary Orders (SBO & A/R) with origin of MM, TIF of Day & MM must be assigned in product	

Exchange Contacts

Exchange	Contact Information	
BOX	boxmrc@boxregulation.com	
Cboe	For Rules/Regulatory questions: reginterps@cboe.com 312-786-8141	For Technical questions: tradedesk@cboe.com 913-815-7001
MIAX	For Regulatory questions: Regulatory@MIAXOptions.com 609-897-7309	For Technical questions: TradingOperations@MIAXOptions.com 609-897-7302
Nasdaq	U.S. Market Operations – Options: optionshelpdesk@nasdaq.com +1 215-496-1571	U.S. Market Sales: sales@nasdaq.com +1 800-846-0477
NYSE	tradingex@nyse.com 212-896-2830 option 1, 1.	

Appendix– Reference Materials

Exemptive Relief Provision

- Section 6.4(d)(iii) of the CAT NMS Plan, which describes the exemption for Options Market Maker quotes, states that “[w]ith respect to the reporting obligations of an Options Market Maker with regard to its quotes in Listed Options, **Reportable Events required pursuant to Section 6.3(d)(ii) and (iv) shall be reported to the Central Repository by an Options Exchange in lieu of the reporting of such information by the Options Market Maker.**”

Exemptive Relief Provision

- Section 6.4(d)(iii) also requires that, pursuant to the Compliance Rules of the Options Exchanges, **Options Market Makers are required to report to an Options Exchange the time at which a quote in a Listed Option is sent to the Options Exchange (including any applicable quote modifications and/or cancellation time when such modification or cancellation is originated by the Options Market Maker)**. Such time information shall be reported to the Central Repository by the Options Exchange in lieu of reporting by the Options Market Maker.

CAT FAQs Regarding Options Market Maker Quotes

➤ **FAQ B1. Are market maker quotes required to be reported to the CAT?**

Yes, market maker quotes are required to be reported to the CAT. Under the CAT NMS Plan, an Options Market Maker's quotes in Listed Options will be reported to the CAT by the relevant Options Exchange in lieu of reporting by the Options Market Maker. Options Market Makers will not need to separately report these quotes, although they will be required to report to the Options Exchange the time at which a quote in a Listed Option is sent to the Options Exchange (and, if applicable, the time of any subsequent quote modification and/or cancellation where such modification or cancellation is originated by the Options Market Maker). The Options Exchanges are required to report such time information to the CAT in lieu of reporting of such time information by the Options Market Markers to the CAT. Equity market makers, however, are required to report their quotes to the CAT themselves.

CAT FAQs Regarding Options Market Maker Quotes

➤ **FAQ K10. Does the exemption for Options Market Maker quotes apply to orders that function as quotes?**

Section 6.4(d)(iii) of the CAT NMS Plan, which describes the exemption for Options Market Maker quotes, states that “[w]ith respect to the reporting obligations of an Options Market Maker with regard to its quotes in Listed Options, Reportable Events required pursuant to Section 6.3(d)(ii) and (iv) shall be reported to the Central Repository by an Options Exchange in lieu of the reporting of such information by the Options Market Maker.” Section 6.4(d)(iii) also requires that, pursuant to the Compliance Rules of the Options Exchanges, Options Market Makers are required to report to an Options Exchange the time at which a quote in a Listed Option is sent to the Options Exchange (including any applicable quote modifications and/or cancellation time when such modification or cancellation is originated by the Options Market Maker). Such time information shall be reported to the Central Repository by the Options Exchange in lieu of reporting by the Options Market Maker.

The Options Market Maker exemption set forth in Section 6.4(d)(iii) applies to Options Market Maker quotes. Each Options Exchange determines which messages from Options Market Makers are subject to this provision pursuant to its rules. For additional information regarding the messages that each Options Exchange will report to the CAT on behalf of Options Market Makers and applicable protocols, please see: [Options Exchange Protocols- December 2019](#). To the extent that the messages an Options Exchange will report on behalf of Options Market Makers include order messages that functions as quotes, the Options Exchange will file a proposed rule change with the SEC to amend its rulebook to define which order messages (as opposed to quote messages) Options Market Makers will not need to separately report to CAT. As noted in the exemption for Options Market Maker quotes, Options Market Makers will be required to report to an Options Exchange the time at which an order that functions as a quote in a Listed Option is sent to the Options Exchange (including any applicable order modifications and/or cancellation time when such modification or cancellation is originated by the Options Market Maker). Such time information shall be reported to the Central Repository by the Options Exchange in lieu of reporting by the Options Market Maker.

How to Ask a Question during Today's Call

- **For participants using computer audio:**
 - Click the “Participants” button at the bottom of the app window, then the “Raise Hand” button at the bottom of the participants window.
 - A visual prompt will indicate that your line has been unmuted.
- **For participants using phone audio:**
 - Enter *9 on your phone keypad.
 - An audio prompt will indicate that your line has been unmuted.