

## CHX Only Order Type - **UPDATE**

Subject to SEC approval, on Tuesday, April 26, 2011, the Chicago Stock Exchange will offer a new order type called the “CHX Only” order.

Currently, the Matching System rejects any limit order received during the primary trading session which would trade through another market if matched or would lock or cross the NBBO if quoted.

To minimize order rejection, any order identified as “CHX Only” will be assigned a Reg NMS and Reg SHO compliant match price and a Reg NMS and Reg SHO compliant display price by the Matching System; i.e., the order price will “slide” to accommodate the current state of the market. The match price will always be equal to or better than the order's limit price and, once assigned on order receipt, will not change. The display price assigned on receipt will either equal the match price or be one trading increment better than the match price. Subsequent NBBO changes may cause the order's display price to adjust so that it equals the match price.

For example:

- If the NBBO is 10.20 – 10.22 and the CHX quote is 10.20 – 10.23, an incoming CHX Only buy order for 100 shares at 10.23 will be inserted into the book with a match price of 10.22 and a display price of 10.21.
- If the NBBO changes to 10.22 – 10.23, the CHX Only buy order's display price will adjust to 10.22. The display price now equals the match price and no further price adjustment will occur.

CHX Only orders must be fully displayed limit orders. Hidden and reserve orders cannot be designated as CHX Only orders.

Behavior will vary slightly for CHX Only sell short orders received when the Reg SHO price restriction is in effect. If a CHX Only sell short order is priced at or below the current NBB, its match price will be set to one increment *better* than the NBB (rather than *at* the NBB as in other cases). The display price will be set to the match price. Once these prices are set, they will not change (which is standard behavior for CHX only orders once the display price equals the match price); i.e., the match price will not be readjusted downward even if it could execute at a lower price without violation.

Orders can be designated as CHX Only in two ways, at a firm level, a firm can designate all orders from that firm as CHX Only, or by order, in which case the firm will mark individual orders as CHX Only. There are two levels of CHX Only order that can be designated: (1) Process as a CHX Only order, or (2) Process as a CHX Only order when the limit price locks the NBBO but reject the order if the limit price crosses the NBBO. Note that these options are only supported on the CHX FIX interface.

Firms can also request that their Execution Reports contain an optional tag that will indicate the match price assigned to the order; this tag is populated when the match price differs from the original limit price.

**NOTE CHANGES FROM PREVIOUS MEMO:** Contrary to our previous communication, there will be no change to the present CHX Book Feed, with the exception of the fact that reconstruction of the sequence of orders in the Matching System using Book Feed will no longer be possible, when the CHX Only implementation has been completed. The order price included in the Book Feed for CHX Only orders will be the display price, not the match price, and therefore there will be no change in the Book Feed message layout.

Participants may view the updated FIX Interface specification on the CHX website at: [www.chx.com/content/Trading\\_Information/Technical\\_Documents.html](http://www.chx.com/content/Trading_Information/Technical_Documents.html) and choose the *CHX FIX Interface* link.

Firms wishing to set their own default behavior, or anyone with general questions, may contact Celeste Gianfrancisco at 312-663-2038 or by email at [cgfrancisco@chx.com](mailto:cgfrancisco@chx.com).