

THE BX OPTIONS MARKET SYSTEM SETTINGS

Hours of Operation

7:30 a.m. ET – System begins accepting orders.

9:25 a.m. ET – System begins disseminating imbalance and price information for the opening auction.

9:30 a.m. ET – System begins executing orders.

4:00 p.m. ET – System stops accepting and executing equity options orders.

4:15 p.m. ET – System stops accepting and executing ETF and Index Options orders.

Maximum Order Size

Maximum order/quote size: 999,999

Exposure Requirements

Firms must expose customer orders, outside of PRISM, for **one second** before trading against them, as described in The Nasdaq Stock Market [rules](#).

Execution Algorithm (See Chapter VI, Section 10 of the BX Options Rules):

- Pro Rata** – Under this execution algorithm, Customer orders are executed before all other participant types (“Customer Priority”) in price/time priority among all Customer orders at a given price. After all Customer orders at a given price are executed, executions will be allocated pro rata among Market Maker interest based on their size as a percentage of the total size among all Market Makers at that price level. After all Customer orders and Market Maker interest is executed, any remaining executions will be allocated pro rata among all other participant interest at that price level.

All products in the Penny Pilot Program, plus GPRO & NUGT are subject to the Pro Rata execution algorithm.

- Price/Time** – Under this execution algorithm, Customer orders are executed before all other participant types (“Customer Priority”) in price/time priority among all Customer orders at a given price. After all Customer orders at a given price are executed, all other orders and quotes, regardless of participant type, are executed in time priority at a given level.

All products **other than** those issues noted above are executed in time priority at a given price level.

Opening Cross

BX will open an option for trading after 9:30 a.m. in a given symbol if the Primary Listing Market for the Underlying Security has quoted or traded.

- **Opening Valid Width NBBO Differentials Table** – The table of values defined as an acceptable bid/ask differential in order to establish a “Valid Width NBBO.” *Sec.8(a)(6)*

Non-Penny Issues:

Option Price	Maximum bid/ask differential
0-1.00	0.50
1.01-2.00	0.50
2.01-3.00	0.80
3.01-5.00	0.80
5.01-7.00	1.00
7.01-10.00	1.00
10.01-20.00	1.60
20.01-30.00	2.00
30.01-40.00	2.00

40.01+	2.25
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Standard Penny Issues (excluding SPY/IWM/QQQQ):

Option Price	Maximum bid/ask differential
0-1.00	0.20
1.01-2.00	0.22
2.01-3.00	0.25
3.01-5.00	0.30
5.01-7.00	0.40
7.01-10.00	0.50
10.01-15.00	0.60
15.01-20.00	0.80
20.01-30.00	1.20
30.01-40.00	1.60
40.01+	2.00

Special Penny Issues (SPY/IWM/QQQQ):

Option Price	Maximum bid/ask differential
0-0.40	0.10
0.41-1.00	0.15
1.01-2.00	0.18
2.01-3.00	0.20
3.01-5.00	0.25
5.01-7.00	0.30
7.01-10.00	0.45
10.01-15.00	0.60
15.01-20.00	0.80
20.01-30.00	1.00
30.01-40.00	1.20
40.01+	1.60

- **Order Imbalance Indicator Timer** – 5 seconds – Dissemination interval of Opening Order Imbalance messages. Dissemination begins at 9:25 a.m. ET. *Sec.8(b)(3)*
- **Opening Cross Range Table** – The table of values added to the Valid Width NBBO offer and subtracted from the Valid Width NBBO bid to establish BX's maximum Opening Cross Range. *Sec.8(b)(4)(A)*

Non-Penny Issues (S):

Quoted Option Price	ATR	LEAPS ATR
0-1.00	0.10	0.20
1.01-2.00	0.15	0.25
2.01-3.00	0.20	0.30
3.01-5.00	0.30	0.45
5.01-7.00	0.40	0.60
7.01-10.00	0.50	0.75
10.01-15.00	0.60	0.90
15.01-20.00	0.60	0.90

20.01-30.00	0.80	1.20
30.01+	1.00	1.50

Standard Penny Issues (P):

Quoted Option Price	ATR	LEAPS ATR
0-1.00	0.07	0.14
1.01-2.00	0.10	0.20
2.01-3.00	0.15	0.30
3.01-5.00	0.20	0.40
5.01-7.00	0.25	0.50
7.01-10.00	0.30	0.60
10.01-15.00	0.50	0.75
15.01-20.00	0.60	0.90
20.01-30.00	0.80	1.20
30.01+	1.00	1.50

Special Penny Issues (E) (SPY/IWM/QQQQ):

Quoted Option Price	ATR	LEAPS ATR
0-1.00	0.05	0.10
1.01-2.00	0.07	0.14
2.01-3.00	0.07	0.14
3.01-5.00	0.10	0.20
5.01-7.00	0.15	0.30
7.01-10.00	0.20	0.40
10.01-15.00	0.30	0.45
15.01-20.00	0.40	0.60
20.01-30.00	0.50	0.75
30.01-40.00	0.60	0.90
40.01+	0.80	1.20

- ◆ **Number of Away Exchanges Required to be Open if Valid Width NBBO not Present** – 2 – Number of away exchanges which must be open for BX to open without a Valid Width NBBO being present. *Sec.8(b)(2)*
- ◆ **Forcing Opening Cross** – 9:45am – Time, provided the primary underlying has opened, when BX will open when no trade is possible, a Valid Width NBBO is not present, and the required number of away exchanges have not opened. *Sec.8(b)(2)*
- ◆ **Opening Order Cancel Timer** – 2 minutes – Period of time after the primary market underlying has opened and BX has not initiated an Opening Cross, at which all non-GTC orders submitted over FIX in the affected option will be cancelled back to the sending firm. This feature is **optional** to participants and is engaged at the firm mnemonic level. *Sec.8(c)(2)*

Additional Timers

- ◆ **Order Exposure Period** – 200 milliseconds – The amount of time the system allows participants to interact with interest which triggered an Order Exposure Alert. *Sec.11(a)(1)(A-D)*
- ◆ **Route Timer** – 200 milliseconds – The amount of time the system will allow participants to interact with a SEEK or SRCH order before the order is routed after the opening or re-routed to an away market. This timer runs concurrently with the Order Exposure Period. *Sec.11(a)(1)(A-B, D)*
- ◆ **PRISM Auction Duration** – 200 milliseconds – The duration of the PRISM Auction. *Sec.9*

Acceptable Trade Range Protection

BX uses Acceptable Trade Range Protection (ATR) to automatically set dynamic boundaries that limit the prices at which an order can execute. If an order's price is through a boundary price, the order will execute at prices at or within the boundary price. If the order is not fully executed at those prices, it will post at the boundary price for a short period of time to allow the market to refresh before continuing to execute at more aggressive prices. The posted order is available for execution at the boundary price during this short refresh period.

- ◆ **Acceptable Trade Range (ATR) Posting Period** – 200 milliseconds - Amount of time an order or quote will be posted at the boundary price of an ATR to allow the market to refresh before continuing to execute at more aggressive prices. *Sec.10(7)(B)*
- ◆ **Acceptable Range Table** – The table of values added or subtracted from the reference price to establish BX's Acceptable Range for executions of remaining contracts from an initiating quote or order. BX's Acceptable Range will be rounded to the nearest Minimum Price Variation (MPV) without exceeding the allowable Acceptable Range based on the following table values. *Sec.10(7)(A)*

Non-Penny Issues (S):

Quoted Option Price	ATR	LEAPS ATR
0-1.00	0.10	0.20
1.01-2.00	0.15	0.25
2.01-3.00	0.20	0.30
3.01-5.00	0.30	0.45
5.01-7.00	0.40	0.60
7.01-10.00	0.50	0.75
10.01-15.00	0.60	0.90
15.01-20.00	0.60	0.90
20.01-30.00	0.80	1.20
30.01+	1.00	1.50

Standard Penny Issues (P):

Quoted Option Price	ATR	LEAPS ATR
0-1.00	0.07	0.14
1.01-2.00	0.10	0.20
2.01-3.00	0.15	0.30
3.01-5.00	0.20	0.40
5.01-7.00	0.25	0.50
7.01-10.00	0.30	0.60
10.01-15.00	0.50	0.75
15.01-20.00	0.60	0.90
20.01-30.00	0.80	1.20
30.01+	1.00	1.50

Special Penny Issues (E) (SPY/IWM/QQQQ):

Quoted Option Price	ATR	LEAPS ATR
0-1.00	0.05	0.10
1.01-2.00	0.07	0.14
2.01-3.00	0.07	0.14
3.01-5.00	0.10	0.20
5.01-7.00	0.15	0.30
7.01-10.00	0.20	0.40
10.01-15.00	0.30	0.45
15.01-20.00	0.40	0.60

20.01-30.00	0.50	0.75
30.01-40.00	0.60	0.90
40.01+	0.80	1.20

- ◆ **Iterations of ATR**– 5 iterations – Number of iterations that ATR may occur before an aggressively priced order or quote will be cancelled back to the sending participant. *Sec.10(7)(B)*

For more information, contact U.S. Market Sales at +1 800 846 0477 (Option #2).