



Options Risk Management

Set Parameters to Help Manage Over-Execution Risk

BATS Options Risk Management tool can help your firm manage the risk of over-executions by giving you the ability to set risk profiles based on your firm's trading strategies. BATS Options offers its robust risk management tool to all Members free of charge.

Flexible Risk Parameters

Risk profiles can be established for each executing firm ID (MPID), and are defined by parameters set on underlying symbols. These parameters can be set together or independently for each executing firm ID; however, multiple executing firm IDs parameters cannot be grouped into a single risk profile.

The following risk parameters are available:

- Notional – contracts traded multiplied by the premium (add multiplier for underlying shares associated with the contract)
- Volume – number of contracts traded
- Count – number of executions

Note: Due to corporate actions, multiple underlying options symbols can be assigned to the same equity symbol.

Duration of Parameters

Parameters can be set with minute, second and millisecond increments anywhere from a minimum of 100 milliseconds to a maximum of an entire day. Parameters may also be triggered by an absolute notional, volume or count threshold without regard to a timeframe.

Sample Risk Parameters

Firm: Sample Firm / Executing Firm ID: SMPL

Parameter A: Volume Limit – 100,000 contracts

Parameter B: 5 Minute Notional Limit of \$10,000

Parameter C: 1 Minute Notional Limit of \$5,000

Parameter D: 500 Millisecond Count of 3 Executions

Risk Parameter Activation

Once a risk parameter has been reached, no new trades will be executed and any trades in route will be rejected. Risk parameters are in effect for the BATS Options order books, but not for trades in route to other exchanges. Changes cannot be made intraday; however, once parameters are reached, you may continue trading by setting the appropriate FIX tags.

Mass Cancel

The Mass Cancel feature decreases workflow and saves time when multiple orders need to be canceled. With Mass Cancel, all orders on a specific session that are associated to a specific underlying symbol can be canceled using a single FIX message.

Please contact the BATS Trade Desk to enable this feature or your Director of Sales with any questions.

Links

[Membership](#) | Become a Member of BATS Options in two steps.

[Connectivity Manual](#) | A network connectivity manual, which provides information on how to connect to BATS Options.

[BATS Options Web Tools](#) | Internally developed BATS Options Web tools available in our Online Member Portal.

Specifications

[FIX](#) | FIX (Financial Information Exchange) protocol information.

[Multicast PITCH](#) | Real-time depth of book quotations and execution information.

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