

Phlx Replatform: Kill Switch Functionality: Frequently Asked Questions

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Q: What are the Kill Switch protections currently offered on Phlx?

A: Today, Phlx Kill Switch protection is offered on both route-side for FIX and match-side for SQF; each operate independent of each other. The protection can be operated in the following ways:

Route-Side (see Appendix for Definition):

1. External Graphic User Interface (GUI): Firms can use the External GUI to request Kill Switch.
2. Market operations: Firms can reach out to Market Operations to request Kill Switch.

Match-Side (see Appendix for Definition):

1. External GUI: Like route-side, firms can use the External GUI to request Kill Switch.
2. Market operations: Like route-side, firms can reach out to Market Operations to request Kill Switch.
3. Multi-trigger threshold/ Market Wide Speed Bump (MWSP): A Market Maker group can be set-up and Kill Switch will be triggered if a threshold is met for the count of number of Rapid Fires within a set timeframe. Note that the threshold only needs to be met for the Kill Switch to be triggered.

Q: What are the Kill Switch protections offered on the new Phlx environment (post migration)?

A: Phlx's new environment will combine the route-side and match-side impact at a group level. Therefore, any time Kill Switch is triggered, all FIX and OTTO orders as well as SQF quotes in a group will be cancelled. If a specific firm mnemonic or badge is not identified under a group then that mnemonic/badge would be considered as their own group. The Kill Switch can be triggered in the following ways:

1. Market Wide Risk Protection (MWRP): The order rate and execution rate checks will be applied for all groups. Firms can elect to set-up limits or use the default limits.

Default Threshold	Simple Instrument	Standard Combo	Stock Combo
Max Order count	20,000	20,000	20,000
Max Order Count Timer	1 second	1 second	1 second
Max Order Count Action	Killswitch	Killswitch	Killswitch
Max Trade volume	100,000	200,000	250,000
Max Trade Volume Timer	1 second	1 second	1 Second
Max Trade Volume Action	Killswitch	Killswitch	Killswitch

2. Multi-trigger threshold/ Market Wide Speed Bump (MWSB): Triggers when Market Makers exceed a set number of underlying purges within a given timeframe. The underlying purges may include both Rapid Fire triggers and firm initiated underlying level purges. This protection is optional, and no default thresholds are utilized where the firm opted out. Note that the threshold must be exceeded to be triggered. Where the count is equal to the threshold, it will not be triggered.
3. FIX/OTTO Kill Switch Request: Firms may use the FIX Member Kill Switch message or the OTTO Member Kill Switch Request Message to activate Kill Switch. These requests are made via the respective ports.

Q: Which set of risk protections will be available during the migration period when some symbols are available on the old platform and the other symbols are available on the new platform?

A: During the migration period the Kill Switch on the new and old platform will operate independent of each other. The following would be the scope of Kill Switch during the migration:

Old Platform:

1. External and Market Operations Requests: Both the user requested methods to trigger Kill Switch will be functional during the migration period. The route-side and match-side will continue to be independent of each other.
2. Multi-trigger threshold/ Market Wide Speed Bump (MWSB): The MWSB protection will continue to apply on the match-side for the legacy platform. Note that the thresholds must be met (equal to) to trigger Kill Switch.

New Platform:

1. Market Wide Risk Protection (MWRP): This will not be available during the migration period.
2. Multi-trigger threshold/ Market Wide Speed Bump (MWSB): The MWSB will only impact the match-side of the new platform. Once all symbols migrate to the new platform it can impact both route-side and match-side. Note that the thresholds must be exceeded to trigger the Kill Switch.
3. FIX/OTTO Kill Switch Requests: The Member Kill Switch requests from FIX will not be available and therefore will not trigger a Kill Switch for the duration of the migration. The same request from OTTO will be accepted and will impact only on the match-side of the new platform.

Appendix

Definitions used in this document:

Match-Side: All order/quote entry protocols which connect directly to the match environment. This includes Orders, Crosses, Auctions, Auction Responses and Sweeps from OTTO as well as Quotes, Sweeps and Auction Responses from SQF. Today OTTO is not supported on Phlx, but it will be supported on the new platform.

Route-Side: All Orders, Crosses, Auctions and Auction Responses that originate from the FIX protocol are part of the route-side of the system.

