



# Cboe Options Exchange Fee Schedule Changes Effective January 2, 2019

Reference ID: C2018123103

## **Overview** (UPDATED)

This notice explains changes to the Fee Schedule for Cboe Exchange, Inc. (“Cboe Options” or the “Exchange”). Subject to regulatory review, the changes summarized below are expected to become effective January 2, 2019. Due to the government shutdown, regulatory review may not be completed by the anticipated effective date. If regulatory review has not been completed by January 2, 2019, the Exchange plans to seek an extension of several fees and programs, as previously announced, to be effective (retroactively) as of January 2, 2019. An updated notice will be issued once regulatory review has been completed. If the Exchange is unable to receive such an extension, then these fees and programs will expire as of December 31, 2018 as set forth in the Fee Schedule effective as of December 31, 2018.

In addition, several fee changes that were previously announced to occur on January 2, 2019 have been postponed to February 1, 2019.

## **Certain Fee Schedule Changes Effective January 2, 2019**

The Fee Schedule changes summarized below that were [previously announced](#) effective for January 2, 2019, will be effective January 2, 2019 pending regulatory review.

### **Global Trading Hours (“GTH”) - Trading Permit Fees**

Currently the Exchange is waiving all GTH trading permit and bandwidth packet fees for one of each type of trading permit and one of each type of bandwidth packet, per affiliated Trading Permit Holder, through December 31, 2018. The Exchange is extending the waiver period through June 30, 2019.

### **Global Trading Hours - Cboe Command Connectivity Fees**

Currently the Exchange is waiving fees for CMI/Fix Login IDs associated with waived GTH trading permits and/or waived GTH bandwidth packets through December 31, 2018. The Exchange is extending the waiver for CMI/Fix Login IDs associated with waived GTH trading permits and/or waived GTH bandwidth packets through June 30, 2019.

### **VIX and Sector Indexes Surcharge**

The Exchange is extending the waiver period for the Sector Indexes surcharge and the VIX surcharge for origin code F and L for VIX transactions where the VIX Premium is less than or equal to \$0.10 and the related series has an expiration of seven (7) calendar days or less through June 30, 2019.

### **Transaction Fees for RLG, RLV, RUI, AWDE, FTEM, FXTM and UKXM**

Currently the Exchange is waiving transaction fees for RLG, RLV, RUI, AWDE, FTEM, FXTM and UKXM through December 31, 2018. The Exchange is extending the transaction fee waiver for these option classes through June 30, 2019.

### **DPM Appointment in UKXM**

The DPM appointed for an entire month in UKXM receives a payment of \$5,000 per month through December 31, 2018. The Exchange is extending this payment through June 30, 2019.

### **MSCI LMM Incentive Program**

The LMM appointed in MXEA and MXEF receives a payment of \$20,000 per class when they exceed heightened quoting standards in a given month. The Exchange is extending this program through June 30, 2019.

### **2019 Liquidity Provider (“LP”) Sliding Scale Prepayment Incentive**

This section regarding the 2019 Liquidity Provider (“LP”) Sliding Scale Prepayment Incentive serves as a reminder only and does not require regulatory review.

**LP Sliding Scale:** An LP’s rate per contract is reduced if certain relative volume thresholds are reached in a month, with both the count and the reduced rate per contract calculated using the following formula: a) Market-Maker Trading Permit Holder Contract Volume Excluding Underlying Symbol List A executed at Cboe Options, divided by b) Total National Market-Maker Contract Volume Excluding Underlying Symbol List A. As of the date of this Notice, Underlying Symbol List A consists of OEX, XEO, RUT, RLG, RLV, RUI, AWDE, FTEM, FXTM, UKXM, SPX (includes SPXW), VIX (includes VIXW), VOLATILITY INDEXES and binary options. There are no changes to the LP Sliding Scale for 2019. The LP Sliding Scale will remain as follows:

<b>Tier</b>	<b>Percentage Thresholds of National Market-Maker Contract Volume Excluding Underlying Symbol List A</b>	<b>Rate</b>
1	0.00% - 0.05%	\$0.23
2	Greater Than 0.05% - 0.80%	\$0.17
3	Greater Than 0.80% - 1.50%	\$0.10
4	Greater Than 1.50% - 2.25%	\$0.05
5	Above 2.25%	\$0.03

**Prepayment Incentive:** To be eligible to participate in the LP Sliding Scale above 0.80% of National Market-Maker Monthly Volume Excluding Underlying Symbol List A (i.e., Tiers 3-5), a LP must submit a non-refundable prepayment of \$200,000/month (or \$2,400,000 for the full calendar year) of their Market-

Maker transaction fees for the year. Pro-rated prepayments are accepted later in the year, as long as the payment is received prior to the month in which the application of the discount is to begin. For LP's interested in participating in the sliding scale for all of 2019, prepayment election and wired payment must take place by January 10, 2019.

## **Certain Fee Schedule Changes Postponed**

The Fees Schedule changes summarized below that were [previously announced](#) effective for January 2, 2019, will be postponed until February 1, 2019 pending regulatory review.

## **Market Maker Transaction Fees in RUT**

Effective **February 1, 2019**, The Market Maker transaction fee for RUT will increase from \$0.20 per contract to \$0.30 per contract.

## **Customer Transaction Fees on ETF and ETN Options**

Currently the Exchange waives transaction fees for (1) all customer orders executed in open outcry or AIM, and (2) customer electronic executions of 249 contracts or less in ETF and ETN options. Effective **February 1, 2019**, the Exchange will also waive the transaction fees for all customer electronic executions that add liquidity, regardless of order quantity. The Exchange will charge \$0.18 per contract on all customer electronic executions that remove liquidity where the original order size is 100 contracts or greater, including incoming orders that initiate a COA, HAL, or HALO. The Exchange will charge any leg of a complex order in ETF and ETN options with an original quantity that exceeds 99 contracts, even if the leg is only partially executed below the 99 contract threshold and provided the execution removes liquidity.

There is no change in the Exchange's aggregation methodology: multiple orders from the same executing firm for itself or for a CMTA or correspondent firm in the same series on the same side of the market that are received by the Exchange within 500 milliseconds will be aggregated for purposes of determining quantity.

## **SPXW Priority Surcharge**

The Customer Priority Surcharge for SPXW is currently \$0.10 per contract assessed only on Customer ("C" origin code) contracts executed electronically. **Effective February 1, 2019**, this surcharge will be assessed on all SPXW electronic executions for all origins excluding Market Maker ("M" origin code). The SPXW Surcharge is not assessed to contracts executed by a floor broker using a PAR terminal or orders in SPXW options that are executed during opening rotation on the final settlement day of VIX options and futures which have the expiration that contributes to the VIX settlement calculation.

## **Volume Incentive Program ("VIP")**

The Exchange is altering VIP by adjusting the Volume Threshold for Tiers 4 and 5. **Effective February 1, 2019**, the Volume Threshold for Tier 4 will be adjusted to Above 3.00% - 3.75% from Above 3.00% - 4.00% and Tier 5 will be adjusted to Above 3.75% from Above 4.00%.

### **Supplemental VIX Total Firm Volume Discount (“TFD”)**

In 2017, the Exchange implemented a new VIX transaction fee discount for Clearing Trading Permit Holders (“F” or “L” Origin Code). The discount is based on the volume thresholds in the Supplemental VIX Total Firm Discount Table and applies to total F and L VIX transaction fees (with F and L volume determined in the same manner as is for the Clearing Trading Permit Holder Sliding Scales (“Proprietary Product Scales”). Currently, Clearing Trading Permit Holders that reach certain tiers in the Proprietary Product Scales receive certain reduced rates on their per contract VIX transaction fees. With the TFD, they also receive an additional discount on their F and L VIX transaction fees, not including any additional surcharges, of 20%, 30% or 40% when their VIX contract volume executed with an F or L Origin Code as a percentage of total national VIX contract volume executed with an F or L Origin Code reaches 11%, 13% or 15%, respectively, in a calendar month.

Effective **February 1, 2019**, the Exchange will be eliminating this discount.

### **Facility Fees – Access Badges and Coat Room Services**

Currently the Exchange charges \$120 per Floor Manager Badge and \$60 per Clerk Badge. Effective **February 1, 2019**, the Exchange is increasing the Floor Manager Badge to \$130 per badge and the Clerk Badge to \$70 per badge. The Exchange will be eliminating the following Badge-related fees which are assessed per occurrence: Badge Issuance, Replacement Badge, Unreturned Security Access Badge, Temporary Badge – Non Trading Permit Holder, Temporary Badge – Trading Permit Holder, and Unreturned Temporary Badge.

Effective **February 1, 2019**, the Exchange also proposes to eliminate the fees relating to coat room services. Particularly, the \$25 per month for Coat Room Checking and \$15 per Occurrence for Lost or Damaged Trading Jackets fees will be eliminated.

### **Additional Information**

Please contact Cboe Billing at [billing@cboe.com](mailto:billing@cboe.com) with any questions. Additionally, you may refer to the [Cboe Exchange Fee Schedule](#) for more details.

We appreciate your business and remain committed to powering your potential with Cboe products, technologies and solutions.

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