

The Competitive Liquidity Provider (CLP) program is a rebate-based scheme designed to encourage quoting activity during continuous trading and therefore increase liquidity in Issuer sponsored securities.

The Issuer will determine with Cboe Europe Equities (Cboe) how long the security remains in the CLP program and the value of the incentives paid. Cboe reserve the right to vary the amount, duration or any other conditions of the CLP at any time. It is expected that most schemes will run for a minimum of 6 or 12 months and that the financial incentive would only in exceptional circumstances be reduced during the term.

The CLP program, which is approved by the FCA, will be administered by Cboe and Cboe's decisions on CLP allocations will be final.

Any Cboe trading Participant ("Participant") can register as a CLP but must meet the criteria, set on a security-by-security basis, to be rewarded. Cboe will have the right to de-register, on a security-by-security basis, any Participant that consistently fails to meet the criteria. Fund details related to each ETFs listed on Cboe will be provided on the Cboe website together with the names of the market makers.

CLPs compete for a known financial rebate amount - half paid on the bid and half on the offer side of the market. The two winning CLP(s) on each side will share the daily rebate pro-rata based on their percentage of SETs (Size Event Tests) won during the trading day, with a minimum of 25% being paid to the CLP that comes second. A SET is a testing event evaluated randomly within each second between 08:00 and 16:30. No SETs will be awarded during any auction phase that may operate for the security, similarly there is no obligation on the CLP to participate in any opening or closing auction.

To win a SET on the bid and/or offer side of the order book, a CLP must:

- › be at the best bid and/or offer, and
- › quote a minimum notional value (with a small latitude to mitigate price movement), and
- › have the most aggregated notional value¹ on Cboe on the relevant side of the book when a
- › SET is measured, and quote a minimum notional value on the other side within a maximum number of ticks

To be eligible to win the day's award a CLP must:

- › win at least 10% of the SETS each day
- › In the absence of a closing auction, the CLP's number of SETS is multiplied by the % of time² they meet the quoting obligation in the last 10 minutes of the trading day - i.e. number of SETS x % in last 10 minutes (the adjusted number of sets where 90% or higher is treated as 100%). The ratio of the revised number of SETS is then used to split the
- › available reward between the two CLPs with the most adjusted SETS.
- › Where a CLP in the top two earns a sufficient number of SETS and performs at 90% or above in the last 10 minutes
- › they will receive a minimum pay out of 25%

SETS attribution

- › Where there is an intraday SET tie, all tied CLPs would receive a SET point.
- › If only one CLP qualifies for the bid/offer reward, that CLP would receive the entire amount of that reward.
- › In the event of a tie for second place (equal number of SETS at the end of the trading day), the CLP with the most executed notional value in that security will win.

For each ETF under the CLP program, Cboe will discuss the value attributed to the key parameters with liquidity providers i.e. the minimum notional value on one side, the maximum spread and the minimum quotable size on the other side, and the tick size. The parameters set for each scheme will apply equally to all CLPs and will be available to Participants via their secure login. The financial incentives and parameters related to each CLP program will not be published to the market. To ensure the CLP program meets its objectives, performance will be monitored and parameters can be adapted.

To support CLPs, if there is an interruption to the exchange order book or a significant volatility event, thresholds and SET calculations may be adjusted at the discretion of Cboe.

¹ To avoid a SET being won by marginal additional volume at the BBO, aggregated notional value within 10% @ BBO will be considered equal

² The CLP does not have to be at the BBO to meet this criteria

At a security level, non-attributable data showing the performance of the CLPs will be made available to the CLPs and the Issuer sponsoring the CLP program.

CLP rebates will be calculated to the second decimal place and paid to the CLP on a monthly basis with the CLP rebate identified as a separate line item on the firm's financial statement.

All Cboe Participants should report OTC transactions in Cboe-listed securities to Cboe (whether supported by the CLP scheme or not) or another regulated trade reporting facility with equivalent transparency.

There is no minimum or maximum value set for a CLP rebate, however, each program is expected to rebate in the region of €50 to €150 per side per security per day.

Example

If the total daily reward is set by the Issuer at €200 per day, €100 would be available on each of the bid and offered side of the market. If on one side of the order book, CLP 1 wins 6,000 SETs, CLP 2 wins 4,000 SETs and CLP 3 wins 3,000 SETs then CLP 1 and CLP 2 would split that day's financial reward. Even though CLP 3 met the 10% threshold, it does not share in the reward because it was not one of the top two CLPs on that side of the market. CLP 1 would receive 60%, or €60, and CLP 2 would receive 40%, or €40.

Closing Price on Cboe

Cboe's closing price will be determined as being:

- › the uncrossing price in any closing auction, if no such price then:
- › the last traded price as long as it is at or within the bid and offer at the close; if it isn't:
- › the mid-price taken from the Regulated Market CXE lit book using quotes that meet the criteria above; and if there
- › are no valid quotes:
- › the last traded price; or if no trade that day:
- › the previous day's closing price.

The closing price will be published and used as the reference price for static price collars.

If the trade that generated the closing price is subsequently busted then the closing price will be restated and republished to the market.

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