



Modifications to the General Opening Sequence of Series in Option Classes Traded on the Cboe Options Exchange

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Overview

Cboe Exchange, Inc. (“Cboe Options”) is pleased to announce that beginning July 16, 2018, modifications to the sequence in which the system opens series in an options class will be introduced. These modifications are being made in addition to the opening timer changes activated on June 18, 2018, and announced in Exchange Notice [Opening Timer Updates](#), and will be activated in all option classes by July 25, 2018.

Description of Modifications

Pursuant to Cboe Options Rule 6.2, as modified by rule filing [SR-CBOE-2018-046](#) subject to regulatory review, the system will first attempt to open, subject to satisfaction of the opening conditions in Rule 6.2, certain series of a class that expire in twenty-nine (29) to thirty-one (31) days (called the “priority expiration”), if such expiration is applicable, before it attempts to open series in other expirations of the class by employing the following sequence of steps.

1. Cboe Options currently moves an option class from a Pre-Open state to Rotation state upon receipt of an opening bid-ask and last sale from the primary listing exchange for the underlying security, upon receipt of a disseminated index value, or after 8:30 a.m. Chicago time (based on a preset timer), as applicable.
- 2) A one-second Opening Delay timer will apply before the system attempts to move a series of the class to an Open state.
- 3) During an initial 500-millisecond period, the system will attempt to open priority expiration series. Groups of series within the priority expiration will be opened in the below sequence, and within each group, series will attempt to open randomly:
 - a. At-the-Money (ATM) Put series *as well as* the next four further out-of-the-money (OTM) Put series
 - b. ATM Call series *as well as* the next three further OTM Call series
 - c. the next four lower strike-price Put series

- d. the next three higher strike-price Call series
- e. alternating groups of further OTM Put series and OTM Call series in the same pattern.

The system opens or attempts to open at least three times each priority expiration series during this initial interval.

- 4) Following the initial 500-millisecond period, the system attempts to open all remaining series of a class in a random order, staggered over 10 100-millisecond intervals

Determining ATM Series

In most cases, the last print of the underlying class or last disseminated index value at the conclusion of the one-second Opening Delay timer will be used to determine the ATM series.

- For Puts, the strike equal to or immediately above the underlying value will be considered the ATM series.
- For Calls, the strike price equal to or immediately below the underlying value will be considered the ATM series.

If there is no print in the underlying stock or no disseminated index value, the system will attempt to open all series in a random order, staggered over the regular intervals.

Additional Information

Questions regarding this subject may be directed to Cboe Market Structure and Functionality.

We appreciate your continued support and will work hard every day to keep earning your business by powering your potential to stay ahead of an evolving market. As always, we are committed to our customers and to making markets better as your partner in trading.

Cboe Market Structure and Functionality

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