



Operational Setting Changes for Cboe Options Acceptable Price Range (APR) and Opening Exchange Prescribed Width (OEPW) Update

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Overview

On May 4, 2018, Cboe Options issued a [Notice](#) announcing changes to the operational system settings for the option classes whose series are used to calculate exercise settlement values for expiring volatility index derivatives on their respective expiration dates. Cboe Options implemented the changes to those settings on May 16, 2018. This Notice updates certain information in that previously issued Notice, but is not changing any operational settings.

Details

On the expiration dates for volatility index derivatives, classes whose series are used to calculate exercise settlement values for expiring volatility index derivatives open pursuant to the modified HOSS procedures (see Cboe Options Rule 6.2.01). On all other trading days, these series open pursuant to the regular HOSS procedures (see Cboe Options Rule 6.2).

For series which will have an opening trade, the width of the best Cboe Options quote bid-ask must be no wider than the applicable OEPW value. The OEPW value used to determine the permissible quote bid-ask width for a series is based on the best Cboe Options quote bid price for the series (see table below).

The opening trade price must be within a valid range, which is calculated using the midpoint of the best Cboe Options quote bid-ask plus/minus half of the applicable OEPW value. The OEPW value used to determine the valid range for the opening trade price is based on the midpoint of the best Cboe Options quote bid-ask for the series (see table below).

For series which will not have an opening trade, the width of the best Cboe Options quote bid/ask must be no wider than the applicable APR value. The APR value used to determine the permissible opening quote width is based on the best Cboe Options quote bid price for the series (see table below).

The APR will be returned to the standard settings shortly after the open. Market orders received when the NBBO is wider than the APR will be routed for manual handling. Additionally, complex strategy products will be placed "On Hold" if the Cboe Options best bid-offer for any of the individual legs of the strategy has a bid-ask wider than the APR.

Currently, on all standard and weekly expiration dates for VIX and RVX derivatives, the OEPW and APR ranges in the option classes whose series are used to calculate exercise settlement values for expiring volatility index derivatives are the levels shown in the table below:

OEPW and APR on Volatility Index Derivative		
Expiration Days		
Price	OEPW	APR
0.00 - 0.25	0.25	0.60
0.26 - 0.50	0.30	0.60
0.51 - 1.00	0.35	1.00
1.01 - 1.99	0.40	1.00
2.00 - 5.00	0.60	1.60
5.01 - 10.00	0.70	2.00
10.01 - 20.00	1.00	2.50
20.01 - 30.00	1.80	4.00
30.01 - 40.00	2.40	5.00
40.01 - 50.00	3.00	6.00
50.01 - 100.00	6.00	10.00
100.01 - 200.00	9.00	16.00
≥ 200.01	14.00	24.00

Additional Information

Questions regarding this subject may be directed to Cboe Market Structure and Functionality. For additional information regarding operational matters, please contact the Cboe Operations Support Center.

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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