



Cboe BZX Equities Exchange Introduces new Lead Market Maker (LMM) Program

Reference ID: C2019062701

Overview

Effective August 1, 2019, Cboe will introduce a new Lead Market Maker (LMM) incentive program for Cboe listed securities on the BZX Equities Exchange. The objective of the new LMM program is to enhance market quality and liquidity by providing LMMs with incentives for meeting Cboe's market quality requirements.

With the introduction of this new LMM Program, the current transaction based payment program will be replaced by a flat fee per product program. Lead market makers will now be compensated based on the number of products for which the firm acts as an LMM in addition to the auction volume associated with the relevant products.

Consistent with the current LMM Program, the transaction fee associated with trades in the closing auction for assigned ETPs will continue to be zero charge, irrespective of whether or not the LMM met performance requirements for the ETP.

LMM Program Market Quality Requirements

Upon effectiveness, LMMs that meet the new base market quality requirements will be eligible to receive the new daily base incentives. LMMs that meet the enhanced LMM requirements will also be eligible to receive enhanced payments in addition to the daily base incentives.

Market quality requirements used to determine eligibility for rebates include:

- Registration as a lead market maker in Cboe listed securities.
- Time and size at the NBBO requirements.
- NBBO spread requirements.
- Auction participation requirements.
- Depth of book requirements.

Payout Structure

Daily payouts will follow a tiered structure, based on the number of qualifying ETPs along with the average aggregate daily auction volume as detailed in the table below.

Average Daily Auction Volume in LMM Securities						
Qualifying ETPs	0 -10,000	10,001 - 100,000	100,001 - 500,000	500,001 - 1,000,000	1,000,001 - 3,000,000	3,000,001 or greater
1-5	\$10	\$25	\$40	\$50	\$150	\$200
6-25	\$10	\$25	\$25	\$30	\$100	\$150
26-50	\$10	\$10	\$20	\$25	\$75	\$100
51-100	\$10	\$10	\$15	\$20	\$50	\$75
>= 101	\$10	\$10	\$15	\$15	\$25	\$50

Additional daily incentives will be offered based on the number of qualifying ETPs for which LMMs meet a more stringent set of standards and the average aggregate daily auction volume.

Average Aggregate Daily Auction Volume in LMM Securities						
Enhanced ETP	0 -10,000	10,001 - 100,000	100,001 - 500,000	500,001 - 1,000,000	1,000,001 - 3,000,000	3,000,001 or greater
1-5	\$2.50	\$6.25	\$10	\$12.50	\$37.50	\$50
6-25	\$2.50	\$6.25	\$6.25	\$7.50	\$25	\$37.50
26-50	\$2.50	\$2.50	\$5	\$6.25	\$18.75	\$25
51-100	\$2.50	\$2.50	\$3.75	\$5	\$12.50	\$18.75
>= 101	\$2.50	\$2.50	\$3.75	\$3.75	\$6.25	\$12.50

Reporting

Existing Lead Market Maker Daily and Month-to-Date reports will be updated with the new market quality requirements and metrics. Existing LMMs will receive reports of their performance based on the new market quality requirements beginning **July 1, 2019**. These reports will allow LMMs to evaluate market requirements for one month prior to the implementation of the new fee structure on August 1, 2019.

Additional Information

For additional information, refer to BZX Equities rule filing [SR-CboeBZX-2019-058](#). Please contact the Cboe Trade Desk or listings@cboe.com for support or with any questions.

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