# Cboe Options Exchange Risk Limit Settings Specific to the Volatility Opening Process

**Reference ID: C2019100800**

## Overview

Cboe Global Markets would like to thank all Cboe Options Exchange (Cboe Options) Trading Permit Holders (TPHs) who have worked with us to prepare for our technology migration. The first volatility derivatives settlement will be on Wednesday, October 9, 2019. To ensure all TPHs are prepared, we are sending this notice as a reminder that Risk Limit Types for the Cboe Options may be set separately for each of three trading categories.

## Details

Risk Limit Types may be set by EFID, EFID Group Level, and Underlying Symbol level. Once a Risk Level is reached, new quotes/orders for that EFID, EFID group, or Underlying Symbol will be rejected and any open quotes/orders will be cancelled.

The following Risk Limit Types can be set:

- **Rate-Based Risk Trips**:  Maximum risk limit occurrences over a given number of milliseconds
- **Rate-Based Notional**: Maximum premium multiplied by number of contracts executed over a given number of milliseconds
- **Rate-Based Volume:** Maximum contracts executed over a given number of milliseconds
- **Rate-Based Count**: Maximum executions over a given number of milliseconds
- **Rate Percentage of Quote**: Maximum aggregate quote percentage executed in a given symbol over a given number of milliseconds
- **Absolute Risk Trips**: Maximum risk limit occurrences per session
- **Absolute Notional**: Maximum premium multiplied by number of contracts executed per session
- **Absolute Volume**: Maximum number of contracts executed per session
- **Absolute Count**: Maximum number of executions per session

**IMPORTANT**: All of the above settings may be set independently for the GTH session, RTH session, and the SOQ (Special Opening Rotation). Specifically, all TPHs, including SPX Market-Makers, may want to

specify a separate SOQ value in anticipation of expected transaction volume levels on SPX/SPXW openings on the expiration days for volatility derivatives.

On Cboe Options only, SPX and SPXW are able to be configured with separate risk root limits even though they share the same underlying symbol (SPX). It is recommended that TPHs upload separate risk settings for SPX and SPXW options. **Customers are advised that a limit in SPX will not apply to SPXW, and SPXW trading would be unprotected by any risk limits in that scenario**. Customers should also note that a trip on either a SPX or SPXW risk root level rule will result in a message being sent to trip the other symbol.

Customers are provided the ability to upload risk profiles through the Customer Web Portal. The Web Portal is accessible through the public website at http://markets.cboe.com. For additional information, please refer to the U.S. Options Risk Management Specification.

## Additional Information

Please contact the Cboe Trade Desk with questions.

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

**Cboe Trade Desk**
913.815.7001
tradedesk@cboe.com