



# Retirement of SPX/SPXW End-Of-Month Closing Rotation and Introduction of End-Of-Day Final Indicative Price Files

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## Overview

In conjunction with migration to the Bats technology platform which will take place on October 7, 2019 *pending regulatory approval*, the Cboe Options Exchange (“Cboe” or “the Exchange”) will cease end-of-month closing rotations for SPX/SPXW options. Additionally, the Exchange will introduce final indicative price files for each trading day, including the last trading day of the month. These files will be made available to all participants at no charge via the Cboe website and will generally be available by 3:30 p.m. CT each trading day.

## Background

### **End-of-Month Non-Trading Closing Rotation**

Currently, on the final trading day of each month, Cboe conducts a non-trading closing rotation to align final SPX/SPXW option prices with the 3:00 p.m. CT CME settlement price for ES mini futures. On those days, shortly after the market close, CME disseminates a settlement price for its ES mini futures. Following dissemination of this settlement price by CME, and normally by approximately 3:40 p.m. CT, Cboe Select Market-Makers (SMMs) individually submit final SPX/SPXW quotes using the CME settlement price in their quoting models. Cboe captures the SMM quotes, and from these quotes disseminates a BBO to OPRA. These quotes are disseminated to OPRA with no distinguishing message type indicator. Note that Cboe does not include book orders in this process, as this procedure is a non-trading rotation.

### **End-of-Day Indicative Prices**

On trading days other than the last trading day of the month, Cboe disseminates an Exchange-calculated final “indicative price,” but only in cases where the final market BBO for a given SPX/SPXW series either widens or realizes a shift in its BBO midpoint beyond a pre-determined amount as compared to the most recent preceding qualified quote for that series. Such final daily indicative prices are disseminated to OPRA with an “I” message type indicator after the market close.

## **What's Changing**

Upon migration to its new trading platform, Cboe will discontinue the end-of-month non-trading closing rotation for SPX/SPXW options. The last end-of-month non-trading closing rotation will take place on Monday, September 30, 2019.

In lieu of this procedure, the Exchange will calculate final end-of-month indicative prices based on the 3:00 p.m. CT SPX/SPXW BBO. In most cases, the 3:00 p.m. CT indicative prices are expected to reflect the BBO existing at that time, but may differ when the 3:00 p.m. CT BBO for a given series widens or realizes a shift in its midpoint beyond a pre-determined amount as compared to the most recent preceding qualified BBO for that series. The final end-of-month indicative prices will be disseminated to OPRA shortly after the market close, normally by approximately 3:40 p.m. CT.

**IMPORTANT:** The OPRA-disseminated indicative prices will include an 'I' message type indicator, which distinguishes them as "indicative" prices. This differs from the OPRA-disseminated BBO resulting from the current SPX/SPXW end-of-month closing rotation, which includes no distinguishing message type indicator.

In addition to disseminating end-of-month and end-of-day indicative prices to OPRA, the Exchange will calculate final indicative prices each and every trading day at 3:00 p.m. CT and 3:15 p.m. CT, including on the final trading day of the month. This data will be made available via the Exchange's website each trading day.

## **For Which Classes Will Final Indicative Prices Be Calculated?**

Final indicative prices will initially be calculated and made available for all SPX/SPXW options as of August 30, 2019. In the future, Cboe may provide final indicative prices for other proprietary and potentially non-proprietary classes. Any such decision will be announced by Exchange notice.

## **How Can Market Participants Obtain The Final Indicative Prices?**

- Excluding the last trading day of the month, final daily indicative prices are, and will continue to be, available via OPRA, pending regulatory approval.
- Final end-of-month indicative prices will be made available via OPRA after the Exchange's migration onto the new technology platform in October. The first end-of-month date for this new procedure will be October 31, 2019, pending regulatory approval.
- Beginning August 30, 2019, the Exchange will also provide final indicative prices via CSV files on its [Final Indicative Price website](#) by approximately 3:30 p.m. CT each trading day. Each trading day's files will remain accessible from the website until they are replaced by the next trading day's files. The daily files will be available free of charge to all interested parties. Please note that the web page will not contain actual indicative price data until August 30, 2019.
- Historical files will be available from the [LiveVol Data Store](#). A fee will be charged for the historical files.

## **How Will The Final Indicative Prices Be Used To Calculate Final Marks?**

The Exchange does not calculate final marks. Those parties that calculate final marks, determine exercise, or otherwise calculate profit/loss valuations utilize their own logic and procedures. Cboe recognizes that such parties may choose to incorporate the Exchange's final daily and month-end indicative prices in their processes. Those choosing to do so may access the final indicative prices via OPRA or directly from the Exchange at its [Final Indicative Price website](#).

### **Additional Information**

Questions regarding this matter may be directed to MSF Management at [msfmgt@cboe.com](mailto:msfmgt@cboe.com) or the Trade Desk at [tradedesk@cboe.com](mailto:tradedesk@cboe.com).

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

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