Regulatory Circular 26-020

Date: **November 9, 2026**

Exchange: **Cboe Options**

Markets: **Options**

To: **Trading Permit Holders**

Re: **Position Limits for Certain Index Binary Options Products**

Updates Regulatory Circular RC26-014

Cboe Options Exchange recently began trading index binary options on the Mini S&P 500 Index (XSPBX) and will begin trading options on the Mini-Russell 2000 Index (MRTBX) on November 9, 2026.[1] This Regulatory Circular provides an overview of the position and exercise limit framework for index binary options as defined in Cboe Rules 8.36 and 8.42, respectively,[2] including XSPBX and MRTBX.

Position Limits

Fixed Position Limits

Pursuant to Cboe Rule 8.36(a), the position limit for index binary options for which traditional options on the same index have no position limit pursuant to Rules 8.30 through 8.33, as applicable, is the number of contracts equal to 15,000 times the ratio of 10,000 to the exercise settlement amount on the same side of the market **per expiration** (e.g., if the index binary option exercise settlement amount is $10,000, then the position limit is 15,000 contracts per expiration).

Market Side

For purposes of position limits on index binary options, long positions in put binary options and short positions in call binary options are considered to be on the same side of the market; and short positions in put binary options and long positions in call binary options are considered to be on the same side of the market.

XSPBX Position Limit

The position limit for XSPBX is 1,500,000 contracts on same side of the market per expiration. Because there is no position limit for XSP pursuant to Cboe Options Rule 8.31, the fixed position limit pursuant to 8.36(a) applies. The exercise settlement amount of XSPBX is $100, the position limit is calculated as 15,000*(10,000/100) or 1,500,000 contracts.

MRTBX Position Limit

The position limit for MRTBX is 1,500,000 contracts on same side of the market per expiration. Because there is no position limit for MRUT pursuant to Cboe Options Rule 8.31, the fixed position limit pursuant

[1] See Exchange Notice C2026102303 Update - Cboe Options to List MRUT Binary Options .

[2] See Release No. 34-105936 (July 17, 2026), (SR-CBOE-2026-032 Amendment No. 1).

to 8.36(a) applies. The exercise settlement amount of MRTBX is $100, the position limit is calculated as 15,000*(10,000/100) or 1,500,000 contracts.

Hedge Exemption

Pursuant to Cboe Options Rule 8.36(f), index binary options are not subject to the standard position limit hedge exemptions in Cboe Options Rule 8.30. Instead, position limits for the hedged positions and strategies defined below are equal to FIVE times the position limit for the subject index binary option:

Qualified Hedge Exemption Position/Strategy	Example
(1) A binary option position "hedged" or "covered" by an appropriate amount of cash to meet the settlement obligation.	A TPH is short 2,000,000 XSPBX calls with the same expiration (exercise settlement amount: $100/contract), exceeding the 1,500,000 position limit. A TPH holds $200,000,000 in cash or cash equivalents (2,000,000 × $100) sufficient to satisfy the maximum settlement obligation. The entire position would qualify for the exemption.*
(2) A binary option position "hedged" or "covered" by a sufficient amount of a related or similar security to meet the settlement obligation.	A TPH is short 2,000,000 MRTBX calls with a strike of $275 all with the same expiration. A TPH purchases 1,000,000 long MRTBX calls with the same expiration and a strike price equal to or less than $275 sufficient to offset a sufficient portion of the settlement obligation to bring the position below the limit. 1,000,000 MRTBX contracts on the short call side qualify for the exemption; 1,000,000 MRTBX contracts on the short call side are subject to the position limit of 1,500,000.*
(3) A binary option position "hedged" or "covered" by a traditional option covering the same underlying index (which includes, among other strategies, a vertical spread with strikes reasonably close to the binary option strike) sufficient to meet the settlement obligation.	A TPH is short 2,000,000 XSPBX calls with a strike of 550 all with the same expiration. A TPH establishes a vertical call spread in SPXW with strikes reasonably close to the binary option strike (e.g., long SPXW 5500 C/short SPXW 5505 C) such that the maximum payout under the traditional options is sufficient to satisfy the $200,000,000 settlement obligation on the binary positions. The entire position would qualify for the exemption.*

*Only positions subject to a qualifying hedge are subject to five-times the position limit; any unhedged position is subject to the standard position limit.

Aggregation

Pursuant to Cboe Options Rule 8.36(c), positions in index binary options on the same index with different exercise settlement amounts will be aggregated with each other. However, pursuant to paragraph (d):

- binary options are not aggregated with non-binary option contracts on the same or similar underlying security or index;
- binary options on an index are not aggregated with non-binary option contracts on an underlying stock or stocks included within such index; and
- binary options on one index are not aggregated with binary options on any other index.

Exercise Limits

Binary options are not subject to exercise limits pursuant to Cboe Rule 8.42(h).

Reports Related to Position Limits

Index Binary Options are subject to the reporting requirements in Cboe Options Rule 8.43. Positions of 200 or more contracts on the same side of the market must be reported to the Exchange. Cboe Options Rule 8.43(f) addresses reports related to position limits. In computing reportable binary options under the Rule:

(1) positions in binary options on the same index that have different exercise settlement amounts are aggregated;
(2) positions in index binary options are not aggregated with non-binary option contracts on the same or similar underlying security or index;
(3) positions in index binary options are not aggregated with non-binary option contracts on an underlying security or securities included within the underlying index; and
(4) positions in index binary options on one index are not aggregated with index binary options on any other index.

Additional Information

The factors and illustrations noted above are not meant to be an exhaustive list. Additional questions about this circular may be directed to Regulatory Interpretations at RegInterps@cboe.com or 312.786.8141.