



March 11, 2019

Cboe Global Markets customers,

As a leading U.S. securities exchange, Cboe Global Markets is a committed steward of our national market system, advocating for fair, efficient and trusted markets that best serve all investors, regardless of size. Given the many current issues that potentially impact the equities markets, I wanted to provide Cboe's views on those issues and begin to outline what you can expect to see from us going forward.

The proposed transaction fee pilot, for example, is a major concern to us and to many market participants. In many ways, we view the pilot as a solution in search of a problem. We expect the pilot will disrupt trading in thousands of securities and adversely affect investors as a result of diminished liquidity and wider spreads on their trade executions. We are committed to working in partnership with our regulators, but the pilot's potential harm to the equities markets is such that, in conjunction with the other major exchanges, we have taken the unprecedented action of contesting it by filing a petition for review in the Washington, D.C. court of appeals. We did not take this action lightly and we will, of course, comply with the pilot should it become operative, while also working to minimize its impact on our customers to the extent possible.

The pilot is a large experiment that may ultimately constrain how exchanges price, compete and innovate. In response, Cboe would likely intensify the frequency with which we bring new initiatives to the marketplace. We realize it is difficult to garner unanimous support for every proposal, but we are committed to working closely with all of you to develop new initiatives that provide unique value to the marketplace.

Elsewhere, we continue to advocate for adoption of our Cboe Market Close (CMC) proposal, which was initially approved by the SEC in January 2018, but has been stalled by appeals since. We've worked closely with customers on developing CMC, an alternative mechanism to primary market closing auctions, to provide more competition in the marketplace and significant cost benefits to customers. Once the original approval order is reaffirmed by the Commissioners, we will be ready to launch (dates will be announced in a trade desk notice and press release).

Additionally, as of this writing, we are crafting numerous other proposals and rule filings based on feedback from our customers, including one rule filing related to retail priority and another related to enhanced sponsored-access incentives that give participants more choice when directing order flow to exchanges. You'll hear more about these initiatives in the coming weeks.

A critical component of our industry advocacy is ongoing dialogue with regulators and legislators in Washington aimed at defining equities markets that promote fair and vigorous competition, innovation and investor confidence. In that regard, I am pleased to report that my Cboe colleague, Bob Books, has just been elected CTA and UTP Securities Information Processor (SIP) Chair. Bob is a long time industry veteran who brings tremendous expertise to this key industry role and will be an effective chair and liaison with our regulators. We have always been advocates of higher performance standards for the SIP. While we commend the operators for making the SIP demonstrably better in recent years, more work remains.



Throughout 2019, we will continue to share our thoughts and solicit your input to develop a vision for the ongoing betterment of our nation's equities markets. We look forward to communicating with you in upcoming letters on market structure matters and all of the themes raised last Friday by SEC Chairman Jay Clayton. We remain dedicated to working with you to ensure our U.S. equities markets remain the strongest, most vibrant and liquid in the world.

Sincerely,

A handwritten signature in black ink, appearing to read "Bryan Harkins". The signature is written in a cursive, flowing style.

Bryan Harkins
Executive Vice President, Co-Head Markets
Cboe Global Markets