



Cboe Options Exchange SPX GTH LMM Solicitation

Reference ID: C2020121000

Overview

Applicable Cboe Exchange: Cboe Options

Cboe Options (the “Exchange”) will be accepting applications from interested Trading Permit Holders for the Lead Market-Maker (“LMM”) role in the Global Trading Hours (“GTH”) session for SPX options (including SPX weekly options (“SPXW”). Interested parties must submit application materials to become the SPX/SPXW GTH LMM no later than **4:00 p.m. ET on Wednesday, December 16, 2020** to Cboe Membership Services.

Details

The Exchange intends to select two candidates to serve as the SPX/SPXW GTH LMMs from **January 4, 2021 through June 30, 2021**, considering various factors including those set forth in [Cboe Options Rule 3.55](#).

A GTH LMM has a regulatory obligation to meet the same continuous electronic quoting requirements as any Market-Maker pursuant to Cboe Options Rule 5.52. A Market-Maker is required to maintain continuous two-sided quotes in 60% of the series with 270 days or less to expiration in its appointed products for at least 90% of the time it is quoting during all trading sessions (to be measured across all of its class appointments collectively), and must satisfy all other Market-Maker obligations as set forth in Cboe Options Rule 5.51.

Additionally, the GTH SPX/SPXW LMM Incentive Program within the Cboe Options Fees Schedule provides that a SPX/SPXW GTH LMM that meets or exceeds the following heightened quoting standards in a month, measured independently for SPX versus SPXW, will receive a compensation payment for that month in the amount of \$10,000 for SPX and/or \$10,000 for SPXW (subject to change and announced by Exchange Notice/Fee Schedule). To receive the monthly payments, 85% of the series must have a qualifying post-opening-rotation quote from the LMM 90% of the time between 3:00 a.m. (ET) until 9:15 a.m. (ET), measured independently for SPX versus SPXW. Cboe Options notes that meeting or exceeding the heightened quoting standards to receive a compensation payment as described above is optional for a SPX/SPXW GTH LMM. A “qualifying” quote is one that is no wider than the amount set forth in the table below, and such quotes will qualify only after the series is open (i.e., pre-opening quotes do not count):

Premium	Expiring		Near Term		Mid Term		Long Term	
Level	7 days or less		8 days to 60 days		61 days to 270 days		271 days or Greater	
	Width	Size	Width	Size	Width	Size	Width	Size
\$0-\$5.00	\$0.50	10	\$0.40	25	\$0.60	15	\$1.00	10
\$5.01-\$15.00	\$2.00	7	\$1.60	18	\$2.40	11	\$4.00	7
\$15.01-\$50.00	\$5.00	5	\$4.00	13	\$6.00	8	\$10.00	5
\$50.01-\$100.00	\$10.00	3	\$8.00	8	\$12.00	5	\$20.00	3
\$100.01-\$200.00	\$20.00	2	\$16.00	5	\$24.00	3	\$40.00	2
Greater Than \$200.00	\$30.00	1	\$24.00	3	\$36.00	1	\$60.00	1

In calculating whether an LMM meets the heightened quoting standard, the Exchange will exclude from the calculation each month the business day in which the LMM missed the heightened quoting standard in the most amount of series.

As pre-open quotes do not count towards the heightened quoting standard, the LMM should be aware that the system will not allow a series to open unless the composite market (i.e., the BBO comprised of appointed Market-Maker quotes in SPX and SPXW, respectively) is no wider than the MCW/OCW widths defined in Cboe Options Rule 5.31(a) and presented in the below table, unless there are no orders to trade or limit orders that cross the mid-point of the composite market:

Composite Market Bid Price	Max Composite Width
0.00 - 1.99	0.50
2.00 - 5.00	0.80
5.01 - 10.00	1.00
10.01 - 20.00	2.00
20.01 - 50.00	3.00
50.01 - 100.00	5.00
100.01 - 200.00	8.00
Greater than \$200.00	12.00

Interested parties must submit application materials to become the SPX/SPXW GTH LMM no later than **4:00 p.m. ET on Wednesday, December 16, 2020** to Cboe Membership Services. The application link can be found [here](#). Please contact Cboe Membership Services at membershipservices@cboe.com with any application questions.

Additional Information

Questions regarding this topic may be directed to the Market Structure group. Operational questions may be directed to Cboe Operations Support Center (“OSC”). Regulatory questions may be directed to the Regulatory Interpretations and Guidance team.

We appreciate your business. Our trading community inspires and drives our mission of defining markets.

Cboe Market Structure

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Cboe Operations Support Center

866.728.2263

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Cboe Regulatory Interpretations and Guidance

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