



Cboe Options Exchange VIX GTH LMM Solicitation

Reference ID: C2020121004

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 VIX options (including VIX weekly options (“VIXW”). Interested parties must submit application materials to become the VIX/VIXW 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 VIX/VIXW GTH LMM 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 satisfy all other Market-Maker obligations as set forth in Cboe Options Rule 5.51.

Additionally, the GTH VIX/VIXW LMM Incentive Program within the Cboe Options Fees Schedule will provide that a VIX/VIXW GTH LMM that meets or exceeds the following heightened quoting standards in a month, measured independently for VIX versus VIXW, will receive a compensation payment for that month in the amount of \$15,000 for VIX and/or \$5,000 for VIXW (subject to change and announced by Exchange Notice/Fee Schedule). To receive the monthly payments, 99% 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 VIX versus VIXW. Additionally, each VIX/VIXW GTH LMM that meets the heightened quoting standards for VIX/VIXW will receive a credit of \$0.03/contract applied to all VIX/VIXW executions in Market-Maker capacity during Regular Trading Hours (“RTH”). Cboe Options notes that meeting or exceeding the heightened quoting standards to receive a compensation payment as described above is optional for a VIX/VIXW 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):

VIX Options Heightened Quoting Standards:

Premium/Expiry	Quote Width Requirements				Quote Size Requirements			
	<15 days	15-60 days	61-270 days	>271 days	<15 days	15-60 days	61-270 days	>271 days
\$0.00 - \$1.00	\$0.75	\$0.50	\$0.50	\$1.00	25	50	50	10
\$1.01 - \$3.00	\$1.00	\$0.75	\$0.75	\$1.00	15	25	25	10
\$3.01 - \$5.00	\$1.00	\$0.75	\$0.75	\$1.20	15	25	25	7
\$5.01 - \$10.00	\$1.50	\$1.00	\$1.00	\$2.00	10	10	10	5
\$10.01 - \$30.00	\$2.50	\$1.50	\$2.50	\$4.00	5	5	5	3
Greater than \$30.00	\$5.00	\$3.00	\$5.00	\$7.00	3	5	3	2

VIXW Options Heightened Quoting Standards:

Premium	Any Expiry	Any Expiry
\$0.00 - \$100.00	\$10.00	1
\$100.01 - \$200.00	\$16.00	1
Greater than \$200.00	\$24.00	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 VIX and VIXW, 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 VIX/VIXW 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 Cboe Regulatory Interpretations.

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

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Cboe Regulatory Interpretations

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