



Cboe Options Exchange to Update Reversal Trade Rebate Process

Reference ID: C2020081700

Overview

Applicable Cboe Exchange: Cboe Options

Effective August 24, 2020, Members will be required to use a new process other than compensation requests to request rebates for Reversal trades executed for position reassignments on the Cboe Options Exchange (“C1”). A Reversal trade is entered to revert a previously cleared trade or position and transfer it to a different clearing house.

Upon the effective date, users must enter Reversal trades via the Trade Entry Tool in order to receive a billing credit. This new functionality will enable the original clearing house to receive credit for a trade that is ultimately transferred to a different clearing house.

Future Trade Entry Tool Enhancements to Support Trade Rebates

To enable the entry of ‘Reversal’ trades, new functionality is being added to the Trade Entry Tool. Enhancements will include the following.

- The tool will allow users to enter the original trade’s execution ID, side, and trade date. This information is required for billing adjustments.
- The tool will automatically designate a trade as a ‘Reversal’ trade when the user sets the As Of date to a previous date and provides the original trade’s execution ID and side.

Billing Changes and Fee Code Update

The original trade side designated by the Member in the Trade Entry Tool will be debited/credited for all rebates/fees originally incurred.

Reversal trade debits/credits will be listed on the end of month invoice for the month that the Reversal trade was entered. For example, if the original trade was in November but the Reversal trade was entered in December, the credits for the original trade will be in the December invoice. The Reversal trade will be marked with the label ‘Reversal’ and be given the new ‘RV’ fee code, which will apply a rate of 0.00.

All executions with the fee code = ‘RV’ will be excluded from adding volume for tier/program purposes and also from receiving any fees, rebates, or surcharges. The daily Month To Date report is available to all

firms via SFTP and will provide the details of all original and reversal trades that were entered and caused billing adjustments for the month.

Testing Opportunities

This new functionality is currently available for testing in the C1 certification environment.

Additional Information

Please contact the Cboe Trade Desk for support or with any questions.

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

Cboe Trade Desk

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