



Cboe Options Exchange MRUT LMM Solicitation

Reference ID: C2021021201

Overview

Applicable Cboe Exchanges: Cboe Options

Cboe Options (the “Exchange”) will be accepting applications from interested Trading Permit Holders (“TPHs”) for the Lead Market-Maker (“LMM”) role in the Regular Trading Hours (“RTH”) session for Mini-Russell 2000 Index options. Interested parties must submit application materials to become the MRUT RTH LMM no later than **4:00 p.m. ET on Friday, February 19, 2021** to Cboe Membership Services.

Details

The Exchange intends to select one candidate to serve as the RTH LMM for MRUT from **March 1, 2021 through August 31, 2021**, taking into consideration various factors including those set forth in [Cboe Options Rule 3.55](#).

An 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 set forth in Cboe Options Rule 5.51.

Additionally, the MRUT RTH LMM Incentive Program within the Cboe Options Fees Schedule provides that a MRUT RTH LMM that meets or exceeds the following heightened quoting standards in a month will receive a compensation payment for that month in the amount of \$20,000 (subject to change and announced by Exchange Notice/Fee Schedule). To receive the monthly payments, 99% of the series must have qualifying post-opening-rotation quotes from the appointed LMM 90% of the time between 9:30 a.m. ET until 4:00 p.m. ET. Cboe Options notes that meeting or exceeding the heightened quoting standards to receive a compensation payment as described above is optional for a MRUT RTH LMM. The Exchange may consider other exceptions to this quoting standard based on demonstrated legal or regulatory requirements or other mitigating circumstances. 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).

| MRUT Heightened Quoting Requirements | | | | | | | | |
|--------------------------------------|-----------------|------|--------------------|------|---------------------|------|---------------------|------|
| Premium | Expiring | | Near Term | | Mid Term | | Long Term | |
| Level | 14 days or less | | 15 days to 60 days | | 61 days to 270 days | | 271 days or Greater | |
| | Width | Size | Width | Size | Width | Size | Width | Size |
| 0-1.00 | 0.08 | 1 | 0.10 | 1 | 0.15 | 1 | 0.80 | 1 |
| 1.01-3.00 | 0.15 | 1 | 0.15 | 1 | 0.15 | 1 | 0.85 | 1 |
| 3.01-5.00 | 0.15 | 1 | 0.18 | 1 | 0.20 | 1 | 1.00 | 1 |
| 5.01-10.00 | 0.45 | 1 | 0.20 | 1 | 0.35 | 1 | 1.25 | 1 |
| 10.01-25.00 | 1.25 | 1 | 0.55 | 1 | 0.50 | 1 | 2.25 | 1 |
| 25.01-100.00 | 3.00 | 1 | 2.00 | 1 | 1.75 | 1 | 4.00 | 1 |
| Greater Than 100.00 | 8.00 | 1 | 8.00 | 1 | 8.00 | 1 | 8.00 | 1 |

The Exchange will also offer a Volume Incentive Pool for each calendar month during which the Program is in place. If the appointed LMM provides continuous electronic quotes during RTH that meet or exceed the above heightened quoting standards in at least 99% of MRUT series 90% of the time in a given month, then the LMM will receive, in addition to the compensation payment described above, a payment that corresponds to that month's MRUT options Average Daily Volume ("ADV") described in the table below. The Volume Incentive Pool payment will be reflected and paid on the invoice for the following calendar month.

Volume Incentive Pool

| MRUT Options ADV | Monthly ADV Payment |
|----------------------------|---------------------|
| 0 - 24,999 contracts | \$ 0 |
| 25,000 - 49,999 contracts | \$ 25,000 |
| 50,000 - 100,000 contracts | \$ 35,000 |
| > 100,000 contracts | \$ 50,000 |

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 MRUT) 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 MRUT RTH LMM no later than **4:00 p.m. ET on Friday, February 19, 2021** 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 Cboe Market Structure and Functionality (“MSF”) group. Operational questions may be directed to Cboe Operations Support Center (“OSC”). Regulatory questions may be directed to the Cboe Regulatory Interpretations and Guidance team.

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

Cboe Market Structure and Functionality

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Cboe Operations Support Center

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Cboe Regulatory Interpretations and Guidance

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