



## Cboe Options Exchange SPESG RTH LMM Solicitation

Reference ID: C2021081801

### 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 Regular Trading Hours (“RTH”) session for S&P 500 ESG Index options (“SPESG”) for the purposes of the RTH SPESG LMM Incentive Program (“Program”). Interested parties must submit application materials to become the SPESG RTH LMM no later than **4:00 p.m. ET on Monday, August 23, 2021** to Cboe Membership Services.

### Details

The Exchange intends to select two candidates to serve as the Program’s SPESG RTH LMMs from **September 1, 2021 through March 31, 2022**, considering various factors including those set forth in [Cboe Options Rule 3.55](#).

As any Market-Maker, an LMM appointed to the Program has a regulatory obligation to meet the continuous electronic quoting requirements 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 SPESG RTH LMM Incentive Program within the Cboe Options Fees Schedule provides that SPESG RTH LMMs that meets or exceeds the following LMM 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, 60% of the series must have a qualifying post-opening-rotation quote from the LMM 90% during Regular Trading Hours. Cboe Options notes that meeting or exceeding the LMM Heightened quoting standards to receive a compensation payment as described above is optional for SPESG LMMs. 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):

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

The Exchange will also offer a SPESG 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 60% of SPESG 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 SPESG options Average Daily Volume ("ADV") described in the table below. The SPESG Volume Incentive Pool payment will be reflected and paid on the invoice for the following calendar month.

#### SPESG Volume Incentive Pool

SPESG Options ADV	Monthly SPESG ADV Payment
0 - 999 contracts	\$0
1,000 - 4,999 contracts	\$5,000
5,000 - 10,000 contracts	\$15,000
> 10,000 contracts	\$20,000

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 highest number 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 SPESG) 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 LMM for the RTH SPESG LMM Incentive Program no later than **4:00 p.m. ET on Monday, August 23, 2021** to Cboe Membership Services. The application link can be found [here](#). Please contact Cboe Membership Services at [membershipservices@cboe.com](mailto: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**

[msfmgt@cboe.com](mailto:msfmgt@cboe.com)

#### **Cboe Operations Support Center**

866.728.2263

[osc@cboe.com](mailto:osc@cboe.com)

#### **Cboe Regulatory Interpretations and Guidance**

312.786.8141

[reginterps@cboe.com](mailto:reginterps@cboe.com)