



Cboe Options Exchange VIX GTH LMM Solicitation

Reference ID: C2021081800

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”)) for the purposes of the GTH VIX/VIXW LMM Incentive Program (“Program”). Interested parties must submit application materials to become the VIX/VIXW GTH 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 VIX/VIXW GTH LMM from **September 1, 2021 through October 31, 2021**, 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.

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 Program’s Basic LMM 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 Program’s Heightened LMM Quoting Standards for VIX 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 Basic LMM Quoting Standards or Heightened LMM 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 Basic LMM Quoting Standards:

		Basic LMM Quote Width Requirements				Basic LMM Quote Size Requirements			
Premium / Expiry		< 15 days	15-60 days	61-180 days	> 180 days	< 15 days	15-60 days	61-180 days	> 180 days
VIX Prior Close <18	\$0.00 - \$1.00	\$0.35	\$0.25	\$0.35	\$0.80	50	75	50	10
	\$1.00 - \$3.00	\$0.50	\$0.35	\$0.50	\$0.90	30	50	30	10
	\$3.01 - \$5.00	\$0.60	\$0.35	\$0.60	\$1.00	25	25	20	10
	\$5.01 - \$10.00	\$1.00	\$0.80	\$1.30	\$2.00	10	20	10	5
	\$10.01 - \$30.00	\$2.00	\$1.50	\$2.00	\$3.00	5	5	5	3
	Greater than \$30.00	\$5.00	\$3.00	\$5.00	\$5.00	3	3	3	3
Premium / Expiry		< 15 days	15-60 days	61-180 days	> 180 days	< 15 days	15-60 days	61-180 days	> 180 days
VIX Prior Close 18 - 25	\$0.00 - \$1.00	\$0.50	\$0.35	\$0.50	\$1.00	25	50	40	10
	\$1.00 - \$3.00	\$0.50	\$0.50	\$0.70	\$1.00	20	30	20	10
	\$3.01 - \$5.00	\$0.80	\$0.50	\$0.80	\$1.30	20	20	10	5
	\$5.01 - \$10.00	\$1.50	\$1.00	\$2.00	\$2.20	10	10	5	5
	\$10.01 - \$30.00	\$3.00	\$2.50	\$3.00	\$5.00	1	1	1	1
	Greater than \$30.00	\$5.00	\$5.00	\$5.00	\$10.00	1	1	1	1
Premium / Expiry		< 15 days	15-60 days	61-180 days	> 180 days	< 15 days	15-60 days	61-180 days	> 180 days
VIX Prior Close >25	\$0.00 - \$1.00	\$0.80	\$0.50	\$0.60	\$1.20	15	20	20	10
	\$1.00 - \$3.00	\$1.00	\$0.75	\$1.00	\$1.20	10	20	10	10
	\$3.01 - \$5.00	\$1.20	\$0.90	\$1.20	\$1.80	10	10	5	5
	\$5.01 - \$10.00	\$2.00	\$1.50	\$2.50	\$3.00	5	5	5	3
	\$10.01 - \$30.00	\$5.00	\$5.00	\$5.00	\$7.00	1	1	1	1
	Greater than \$30.00	\$10.00	\$10.00	\$10.00	\$10.00	1	1	1	1

VIX Options Heightened LMM Quoting Standards:

		Heightened LMM Quote Width Requirements		Heightened LMM Quote Size Requirements	
Premium / Expiry		< 15 days	15-60 days	< 15 days	15-60 days
VIX Prior Close <18	\$0.00 - \$1.00	\$0.20	\$0.20	100	100
	\$1.00 - \$3.00		\$0.25		50
	\$3.01 - \$5.00		\$0.35		25
Premium / Expiry		< 15 days	15-60 days	< 15 days	15-60 days
VIX Prior Close 18 - 25	\$0.00 - \$1.00	\$0.25	\$0.20	50	50
	\$1.00 - \$3.00		\$0.30		30

	\$3.01 - \$5.00		\$0.40		30
VIX Prior Close >25	Premium / Expiry	< 15 days	15-60 days	< 15 days	15-60 days
	\$0.00 - \$1.00	\$0.30	\$0.25	30	30
	\$1.00 - \$3.00		\$0.40		20
	\$3.01 - \$5.00		\$0.60		20

VIXW Options Basic 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 determining the applicable set of LMM Basic and Heightened quoting requirements for VIX options in the GTH session each day, Cboe Options will reference the Cboe Volatility Index® (Index symbol: VIX) level as of the close of trading in SPX index options in the previous Regular Trading Hours session.

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 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 LMM for the GTH VIX/VIXW 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 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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