



Cboe Options Exchange Nanos LMM Incentive Program Solicitation

Reference ID: C2022092600

Overview

Applicable Cboe Exchange: Cboe Options

Cboe Options (the “Exchange”) will accept applications from interested Trading Permit Holders for the Lead Market-Maker (“LMM”) role in the Regular Trading Hours (“RTH”) session for Nanos S&P 500 Index Options for purposes of the Nanos S&P 500 Index Options LMM Incentive Program (“Program”). Interested parties must submit application materials to become the Nanos S&P 500 Index Options LMM no later than **4:00 p.m. ET on Wednesday, September 28th, 2022** to Cboe Membership Services. Additional information regarding Nanos by Cboe may be found [here](#).

Details

The Exchange intends to select one candidate to serve as the Program’s Nanos S&P 500 Index Options LMM from **October 1st, 2022 through March 31st, 2023**, taking into consideration 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 Nanos S&P 500 Index Options LMM Incentive Program within the Cboe Options Fees Schedule will provide that a Nanos S&P 500 Index Options LMM that meets or exceeds the Program’s heightened quoting standards in a month will receive a compensation payment for that month in the amount of \$17,500 (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 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 Nanos S&P 500 Index Options 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):

Nanos S&P 500 Index Options Heightened LMM Quoting Standards:

VIX Prior Close < 20	Premium	Width	Size (1x Nanos)
	\$0.00 - \$2.00	\$0.08	1,000
	\$2.01 - \$5.00	\$0.10	1,000
	\$5.01 - \$15.00	\$0.18	500
	> \$15.00	\$0.31	300
VIX Prior Close 20-30	Premium	Width	Size (1x Nanos)
	\$0.00 - \$2.00	\$0.09	1,000
	\$2.01 - \$5.00	\$0.10	500
	\$5.01 - \$15.00	\$0.24	500
	> \$15.00	\$0.31	300
VIX Prior Close > 30	Premium	Width	Size (1x Nanos)
	\$0.00 - \$2.00	\$0.16	500
	\$2.01 - \$5.00	\$0.17	500
	\$5.01 - \$15.00	\$0.31	300
	> \$15.00	\$0.38	200

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

NANOS ADV	Volume Incentive Pool
0 - 2k	\$ -
2k - 5k	\$ 5,000
5k - 25k	\$ 8,000
25k - 50k	\$ 10,000
50k - 100k	\$ 12,000
100k+	\$ 15,000

In determining the applicable set of heightened quoting standards for Nanos S&P 500 Index Options 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 RTH session.

In calculating whether an LMM meets the heightened quoting standards each month, the Exchange will exclude from the calculation the business day in which the LMM missed the heightened quoting standards in the highest number of series that month.

As pre-open quotes do not count towards the heightened quoting standards, an 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 Nanos S&P 500 Index Options) 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 Nanos S&P 500 Index Options LMM Incentive Program no later than **4:00 p.m. ET on Wednesday, September 28th, 2022** 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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