Cboe®

Cboe Options Exchange GTH2 XSP LMM Incentive Program Solicitation

Reference ID: C2025072102

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 2 (GTH2) session for XSP options for the purposes of the GTH2 XSP LMM Incentive Program ("Program"), *subject to regulatory review*. As part of the Exchange's 24x5 trading model, the GTH2 session begins at 3:00 a.m. ET and ends at 9:25 a.m. ET. Interested parties must submit application materials to become a GTH2 XSP LMM no later than 4:00 p.m. ET on Friday, July 25, 2025, to Cboe Membership Services.

TECHNICAL DETAILS

The Exchange intends to select up to three candidates to serve as the Program's GTH2 XSP LMMs from **August 1, 2025 through January 31, 2026** 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 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 GTH2 XSP LMM Incentive Program, as will be set forth within the Cboe Options Fees Schedule, provides that a GTH2 XSP LMM that meets or exceeds the Program's heightened quoting standards (provided below) 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/Fees Schedule, *subject to regulatory review*). To receive the monthly payments, 85% 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 9:25 a.m. ET. Cboe Options notes that meeting or exceeding the Program's heightened quoting standards to receive a compensation payment as described above is optional for a GTH2 XSP 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):

Quote Width Requirements					
VIX Level Prior Close	Premium Level	Expiring	Near Term	Mid Term	Long Term
< 20		7 days or less	8 days to 60 days	61 days to 270 days	271 days to 500 days
	$0.01 - $1.00	$0.05	$0.07	$0.08	$0.12
	$1.01 - $5.00	$0.10	$0.10	$0.12	$0.16
	$5.01 - $8.00	$0.16	$0.16	$0.20	$0.40
	$8.01 - $12.00	$0.30	$0.40	$0.60	$0.80
	$12.01 - $20.00	$0.80	$0.80	$0.80	$1.20
	Greater than $20.00	$2.00	$2.00	$2.00	$3.00
>= 20 and < 30		7 days or less	8 days to 60 days	61 days to 270 days	271 days to 500 days
	$0.01 - $1.00	$0.10	$0.10	$0.12	$0.20
	$1.01 - $5.00	$0.14	$0.15	$0.16	$0.30
	$5.01 - $8.00	$0.20	$0.20	$0.30	$0.60
	$8.01 - $12.00	$0.50	$0.70	$1.00	$1.30
	$12.01 - $20.00	$1.00	$1.20	$1.50	$2.20
	Greater than $20.00	$2.00	$2.40	$2.40	$3.60
>= 30		7 days or less	8 days to 60 days	61 days to 270 days	271 days to 500 days
	$0.01 - $1.00	$0.15	$0.16	$0.20	$0.30
	$1.01 - $5.00	$0.30	$0.30	$0.40	$0.60
	$5.01 - $8.00	$0.40	$0.40	$0.60	$1.00
	$8.01 - $12.00	$0.60	$0.90	$1.20	$1.50
	$12.01 - $20.00	$1.20	$1.50	$2.00	$2.40
	Greater than $20.00	$2.40	$2.80	$3.20	$4.00

Quote Size Requirements				
Premium Level	Expiring	Near Term	Mid Term	Long Term
	7 days or less	8 days to 60 days	61 days to 270 days	271 days to 500 days
$0.01 - $1.00	5	5	5	5
$1.01 - $5.00	5	5	5	5
$5.01 - $8.00	5	5	5	5
$8.01 - $12.00	5	5	5	5
$12.01 - $20.00	5	5	5	5
Greater than $20.00	5	5	5	5

In determining the applicable set of Program's heightened quoting requirements for the GTH2 session each day, Cboe Options will reference the Cboe Volatility Index® (Index symbol: VIX) level as of the close of trading in XSP index options in the previous Regular Trading Hours session.

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

As pre-open quotes do not count towards the Program's heightened quoting standards, 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 XSP) 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 GTH2 XSP LMM Incentive Program no later than 4:00 p.m. ET on Friday, July 25, 2025 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 and Functionality group. Operational questions may be directed to Cboe Operations Support Center. Regulatory questions may be directed to the Regulatory Interpretations and Guidance team.

We appreciate your business. Our trading community inspires and drives our purpose of building trusted markets.

Cboe Market Structure and Functionality
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