VIXW Lead Market-Maker

Reference ID: C2018112703

Overview

Pursuant to Exchange Notice C2018102905, effective December 3, 2018, Cboe Options will convert the trading symbol for VIX weekly options from VIX to VIXW and change the minimum price increment from $.05/$.10 to $.01. In conjunction with this change, Cboe Options is pleased to have selected Susquehanna as the Lead Market-Maker ("LMM") in the Regular Trading Hours ("RTH") session for VIXW weekly options. Susquehanna's initial appointment will begin on December 3, 2018 and conclude at the close of business on October 4, 2019.

The Exchange will review the LMM's conduct during its appointment at the end of the initial term, and determine whether to appoint the LMM to another term, in accordance with the Rules.

As an LMM, Susquehanna must fulfill all the obligations of a Market-Maker, set forth in Rule 8.7, as well as the obligations of an LMM, set forth in Rule 8.15(b).

The Exchange has established a participation entitlement that is applicable to the LMM for purposes of electronic transactions only (see Rule 8.15(d)). The LMM participation entitlement will not apply for open outcry transactions.

Details

- All VIX weekly options will be converted to symbol VIXW, applicable in both the Global Trading Hours ("GTH") and RTH sessions.
- The minimum price increment for all VIXW options series, regardless of price level, will be $.01, applicable in both the GTH and RTH sessions.
- The matching algorithm for electronic executions in the RTH session will be changed from Pro Rata to:
    - Priority customer (capacity/origin code 'C').
    - Market Turner participation (50%).
    - LMM participation entitlement (50% if matched by one other; 40% if matched by two others; 30% if matched by three or more others).
    - Pro-rata among all other participants.
- The matching algorithm for electronic executions in the GTH session will not change and will remain Price-Time.
- Complex orders containing both a VIX and VIXW leg will be eligible to execute in COA and COB against other complex auction responses and complex orders.

- Complex orders containing both a VIX and VIXW leg will not be eligible to execute against the individual leg markets. When such an order becomes marketable against the individual leg markets, it will:
  A) automatically cancel in the GTH session; and
  B) route for manual handling in the RTH session, unless "Electronic-Only" processing instructions are included on the order, in which case it will automatically cancel.
- Complex orders with both a VIX and VIXW leg will not be eligible for AIM. Such attempts will automatically reject.
- For purposes of class appointments and Market-Maker continuous quoting obligations, VIXW options will be considered as part of the VIX options class.
- Market-Maker QRM risk protections will cause a user's quotes to be cancelled in both VIX and VIXW if the QRM limit is reached in either symbol.

The trading algorithm and trading increments for non-weekly options trading under symbol VIX will remain unchanged in both the RTH and GTH sessions.

All resting GTC orders in VIX weekly options will be canceled by the Exchange after the close of business on November 30, 2018, and can be re-entered in symbol VIXW by the TPH on December 3, 2018. Unless otherwise instructed by email from the executing clearing firm, the Cboe Operations Support Center ("OSC") will set routing parameters to deliver all eligible orders to the Cboe Command trade engine for automated handling. Clearing firms wishing to impose more restricted routing parameters must email the OSC at helpdesk@cboe.com.

Additional Information
Questions regarding this subject may be directed to Cboe Market Structure and Functionality ("MSF"). For additional information regarding operational matters, please contact the Cboe Operations Support Center.

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