



Cboe Options Regulatory Circular RG17-190

Date: December 28, 2017

To: Trading Permit Holders

From: Finance and Administration

RE: January 2018 Fees Schedule Changes

This circular explains 2018 changes to the Fees Schedule for Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”). Subject to Securities and Exchange Commission (“SEC”) review, the changes summarized below will be effective January 2, 2018.

Liquidity Provider (“LP”) Sliding Scale For All Underlying Symbols Excluding Underlying Symbol List A¹; Prepayment Incentive; and Make/Take, Penny/Non-Penny Adjustments to the LP Fee Per Contract (“LP Sliding Scale Adjustment Table”)

LP Sliding Scale: An LP’s rate per contract is reduced if certain relative volume thresholds are reached in a month, with both the count and the reduced rate per contract calculated using the following formula: a) Market-Maker Trading Permit Holder Contract Volume Excluding Underlying Symbol List A executed at Cboe Options, divided by b) Total National Market-Maker Contract Volume Excluding Underlying Symbol List A.

For the LP Sliding Scale, the Exchange is adjusting the Percentage Thresholds of National Market-Maker Volume for Tier 2 from Above 0.05% to 0.70% to Above 0.05% to 0.80%, Tier 3 from Above 0.70% - 1.40% to Above 0.80% - 1.50%, Tier 4 from Above 1.40% - 2.00% to Above 1.50% - 2.25% and Tier 5 from Above 2.00% to Above 2.25%. Tier 1 remains unchanged and there are no changes to any of the LP Sliding Scale rates. Particularly, the LP Sliding Scale will be as follows:

Tier	Percentage Thresholds of National Market-Maker Contract Volume Excluding Underlying Symbol List A	Rate
1	0.00% - 0.05%	\$0.23
2	Greater than 0.05% - 0.80%	\$0.17
3	Greater than 0.80% - 1.50%	\$0.10
4	Greater than 1.50% - 2.25%	\$0.05
5	Above 2.25%	\$0.03

Prepayment Incentive: To be eligible to participate in the LP Sliding Scale above 0.80% of National Market-Maker Monthly Volume Excluding Underlying Symbol List A (i.e., Tiers 3-5), a LP must submit a non-refundable prepayment of \$200,000/month (or \$2,400,000 for the full calendar year) of their Market-Maker transaction fees for the year. Pro-rated prepayments are accepted later in the year, as long as the payment is received prior to the month in which the application of the discount is to begin. For LP’s interested in participating in the sliding scale for all of 2018, prepayment election and wired payment must take place by January 10, 2018.

¹ As of the date of this Circular, Underlying Symbol List A consists of OEX, XEO, RUT, RLG, RLV, RUI, AWDE, FTEM, FXTM, UKXM, SPX (includes SPXw), VIX, VOLATILITY INDEXES and binary options.



LP Sliding Scale Adjustment Table: An LP's rate per contract may be further adjusted based on whether the LP's executed contract is a maker, which may decrease the per contract fee, or a taker, which may increase the per contract fee, subject to the following table. The per contract adjustments will be calculated based on the LP's electronic volume the previous month in all symbols excluding Underlying Symbol List A using the following formula: a) the LP's total electronic automatic execution ("auto-ex") Maker volume (i.e., volume resulting from that LP's resting quotes or single sided quotes/orders that were executed by an incoming order or quote) divided by (b) the LP's total auto-ex volume (i.e., volume that resulted from the LP's resting quotes/orders and volume that resulted from that LP's quotes/orders that removed liquidity).² The Exchange is introducing four changes to the LP Sliding Scale Adjustment Table:

- First, the Exchange is adjusting the **Make Percentages** for Tier 2 from 51% - 75% to 51% - 60%, Tier 3 from 76% - 85% to 61% - 75% and Tier 4 from 86% - 90% to 76% - 90%. There are no changes to the percentages for Tiers 1 and 5.
- Second, the Exchange is adjusting the **Maker Penny Rebate** for Tier 3 from \$0.00 to \$0.01, Tier 4 from \$0.00 to \$0.02 and Tier 3 from \$0.01 to \$0.03. Tiers 1 and 2 remain unchanged.
- Third, the Exchange is increasing the **Taker Penny Fee** by \$0.01 for Tier 1 from \$0.04 to \$0.05, Tier 2 from \$0.03 to \$0.04 and Tier 3 from \$0.02 to \$0.03 and decreasing the Taker Penny Fee for Tier 4 from \$0.01 to \$0.00.
- Fourth, the Exchange is increasing the **Taker Non-Penny Fee** for Tier 1 from \$0.08 to \$0.10, Tier 2 from \$0.06 to \$0.07, Tier 3 from \$0.04 to \$0.05 and Tier 4 from \$0.02 to \$0.04. Tier 5 remains unchanged at \$0.00.

Tier	Maker/Taker Penny/Non-Penny Adjustments Increase/(Decrease)					
	Make (% based on prior month)		Maker Rebate		Taker Fee	
	Maker % From	Maker % To	Penny Classes	Non-Penny Classes	Penny Classes	Non-Penny Classes
1	0%	50%	(\$0.00)	(\$0.00)	\$0.05	\$0.10
2	51%	60%	(\$0.00)	(\$0.00)	\$0.04	\$0.07
3	61%	75%	(\$0.01)	(\$0.00)	\$0.03	\$0.05
4	76%	90%	(\$0.02)	(\$0.00)	\$0.00	\$0.04
5	91%	100%	(\$0.03)	(\$0.00)	\$0.00	\$0.00

Volume Incentive Program ("VIP")

The Exchange is altering VIP by adjusting Volume Thresholds for Tiers 2, 3 and 4 and adding a Tier 5. In addition, the Exchange is reducing rebates for AIM. The Exchange also proposes to provide that a Trading Permit Holder will only receive the complex credit rates for its complex volume if at least 40% of that Trading Permit Holder's qualifying VIP volume in the previous month was comprised of simple volume.

For the Volume Thresholds, the Exchange is adjusting Tier 2 from Above 0.75% to 1.80% to Above 0.75% to 2.00%, Tier 3 from Above 1.80% to 3.00% to Above 2.00% to 3.00%, Tier 4 from Above 3.00% to Above 3.00% to 4.00%, and adding Tier 5 at Above 4.00%.

² Trades on the open and complex orders will be excluded from the Make Rate calculation.



The Exchange is reducing simple AIM credits for Tier 3 from \$0.11 to \$0.10, Tier 4 from \$0.14 to \$0.13 and adding Tier 5 at \$0.14. The Exchange is reducing complex AIM credits for Tier 2 from \$0.20 to \$0.19, Tier 3 from \$0.23 to \$0.22, Tier 4 from \$0.24 to \$0.23 and adding Tier 5 at \$0.24.

As noted above, the Exchange proposes to provide that a Trading Permit Holder will only receive the complex credit rates for complex volume if at least 40% of that Trading Permit Holder's qualifying VIP volume in the previous month was comprised of simple volume. If not, then the Trading Permit Holder's Customer (C) complex volume will receive credits at the simple rate only (i.e., simple and complex volume will receive credits at the simple rate).

VIP will continue to offer credits only for Customer ("C"), multiply-listed option volume³ executed electronically, with the volume thresholds calculated using the following formula: a) TPH Total Customer ("C"), Broker-Dealer ("B"), Professional/Voluntary Professional ("W") and Joint Back-Office ("J") Multiply-Listed Electronic Option Volume per Month divided by b) Total National Customer Multiply-Listed Option Volume, and the credit for each Trading Permit Holder will be calculated in accordance with the following table, subject to the conditions noted above:

		Per Contract Credit			
		Simple		Complex	
Tier	Percentage Thresholds of National Customer Multiply-Listed Monthly Volume	AIM	Non-AIM	AIM	Non-AIM
1	0.00% - 0.75%	\$0.00	\$0.00	\$0.00	\$0.00
2	Above 0.75% to 2.00%	\$0.09	\$0.10	\$0.19	\$0.21
3	Above 2.00% to 3.00%	\$0.10	\$0.12	\$0.22	\$0.24
4	Above 3.00% to 4.00%	\$0.13	\$0.15	\$0.23	\$0.25
5	Above 4.00%	\$0.14	\$0.15	\$0.24	\$0.25

Cboe Options Proprietary Products Sliding Scale ("Firm Sliding Scale") and Clearing Trading Permit Holder VIX Sliding Scale

The Firm Sliding Scale Tier B2 and A1 transaction fees will increase from \$0.12 and \$0.02 to \$0.18 and \$0.04, respectively.

Clearing Trading Permit Holder Proprietary ("F") and Non-Trading Permit Holder Affiliates ("L") transaction fees in Underlying Symbol List A will be reduced to the fees shown in the tables below for the calendar month provided a Clearing Trading Permit Holder reaches certain average daily volume ("ADV") thresholds in all underlying symbols excluding Underlying Symbol List A on the Exchange during a calendar month.

³ For purposes of VIP, the term "multiply-listed" means volume in all underlying symbols excluding Underlying Symbol List A, Sector Indexes, DJX, MXEA, MXEF, MNX, NDX, XSP and XSPAM.



**Between 25,000 ADV and 69,999 ADV in all underlying symbols
excluding Underlying Symbol List A**

Tier	Percentage Thresholds of Total Firm Proprietary Volume	Rate
B3	0.00% - 6.50%	\$0.22
B2	Greater than 6.50% - 8.50%	\$0.18
B1	Above 8.50%	\$0.05

**Greater than 70,000 ADV in all underlying symbols excluding Underlying
Symbol List A**

Tier	Percentage Thresholds of Total Firm Proprietary Volume	Rate
A2	0.00% - 6.50%	\$0.18
A1	Above 6.50%	\$0.04

The VIX Sliding Scale allows Clearing Trading Permit Holder Proprietary and Non-Trading Permit Holder Affiliates to reduce their transaction fees in VIX provided certain volume thresholds in VIX options are attained during a month. The Exchange is reducing the Tier 2 transaction fee from \$0.17 to \$0.15. The Percentage Thresholds are unchanged. The VIX Sliding Scale will be as follows:

Tier	Percentage Thresholds of Total VIX Volume	Rate
1	0.00% - 1.00%	\$0.25
2	1.01% - 5.50%	\$0.15
3	5.51% - 8.00%	\$0.05
4	Above 8.00%	\$0.01

For purposes of calculating a Clearing Trading Permit Holder's total proprietary product transaction fees for a month, the Exchange will use the following methodology: If using the VIX Sliding Scale plus the Firm Sliding Scale minus VIX volume results in lower total Clearing Trading Permit Holder transaction fees than just using the Firm Sliding Scale, the Exchange will apply the VIX Sliding Scale plus the Firm Sliding Scale, and deduct the VIX volume from the Firm Sliding Scale. If using the VIX Sliding Scale plus the Firm Sliding Scale (minus VIX Volume) results in higher Clearing Trading Transaction fees than just using the Firm Sliding Scale, the Exchange will apply only the Firm Sliding Scale.

Supplemental VIX Total Firm Volume Discount ("TFD")

In 2017, the Exchange implemented a new VIX transaction fee discount for Clearing Trading Permit Holders ("F" or "L" Origin Code). The discount is based on the volume thresholds in the Supplemental VIX Total Firm Discount Table and applies to total F and L VIX transaction fees (with F and L volume determined in the same manner as is for the Clearing Trading Permit Holder Sliding Scales ("Proprietary Product Scales")). Currently, Clearing Trading Permit Holders that reach certain tiers in the Proprietary Product Scales receive certain reduced rates on their per contract VIX transaction fees. With the TFD, they also receive an additional discount on their F and L VIX transaction fees, not including any additional surcharges, of 20%, 30% or 40% when their VIX contract volume executed with an F or L Origin Code as a percentage of total national VIX contract volume executed with an F or L Origin Code reached 11%, 13% or 15%, respectively, in a calendar month.



For 2018, the Exchange is changing the percentage thresholds for Tier 1 from 0% - 10.99% to 0% - 7.00% and Tier 2 from 11.00% - 12.99% to 7.01% - 11.00% and Tier 3 from 13.00% - 14.99% to 11.01% to 15%.

The TFD will be as follows:

Tier	Percentage Thresholds of Total National VIX “F” or “L” Origin Code Volume	Additional Discount
1	0.00% - 7.00%	0%
2	7.01% - 11.00%	20%
3	11.01% - 15.00%	30%
4	Above 15.00%	40%

Electronic Penny Classes and Non-Penny Classes Transaction Fees (all products excluding Underlying Symbol List A and Sector Indexes) for Clearing Trading Permit Holder Proprietary

Electronic executions are currently assessed a transaction fee of \$0.38 per contract for Penny Classes and \$0.65 per contract for Non-Penny Classes for Clearing Trading Permit Holder Proprietary (origin codes “F” and “L”) orders. The revised schedule will assess transaction fees of \$0.43 per contract in Penny Classes and \$0.70 per contract in Non-Penny Classes.

Complex Surcharge

The Complex Surcharge for non-customer complex order executions will increase from \$0.10 to \$0.12.

Order Router Subsidy Program (ORS) and Complex Order Router Subsidy Program (CORS)

Currently, participants whose total aggregate non-customer ORS and CORS volume is greater than 0.40% of the total national volume (excluding volume in options classes included in Underlying Symbol List A, Sector Indexes, DJX, MXEA, MXEF, XSP or XSPAM) receive an additional \$0.07 per contract. The Exchange proposes to reduce the total national volume requirement from 0.40% to 0.25%.

Linkage Fees

The Exchange will assess public customer orders the specific away exchange transaction fees for that order plus an additional \$0.15 per contract, an increase from \$0.10 per contract.

Index License Surcharge Fee on SPX (including SPXW) Index Options

The Index License Surcharge Fee on SPX (including SPXW) increases from \$0.14 per contract to \$0.16 per contract for non-customer transactions.

Market-Maker Sliding Scale for SPX (including SPXW)

In 2017, the Exchange introduced a Sliding Scale for Market-Maker transaction fees in SPX and SPXW (“MM SPX Sliding Scale”). The MM SPX Sliding Scale assesses Market-Makers progressively lower transaction fees in SPX provided certain volume thresholds in SPX options are attained during a month.

The Exchange is introducing additional Tiers and adjusting the thresholds and the respective Tier fees.



- First, the Exchange is adjusting Tier 1 from 0.00% to 1.50% to 0.00% to 1.00%, Tier 2 from 1.51 % to 10.00% to 1.01% to 4.00%. Tier 3 from Above 10.00% to 4.01% to 9.00% and adding Tier 4 at 9.01% to 15.00% and Tie 5 at Above 15.00%
- Second, the Exchange is increasing the Tier 1 fee from \$0.25 to \$0.28, Tier 2 from \$0.23 to \$0.26. Tier 3 from \$0.21 to \$0.24 and adding Tiers 4 and 5 at \$0.22 and \$0.20, respectively.

The MM SPX Sliding Scale will be as follows:

Tier	Percentage Thresholds of Total Market-Maker SPX (including SPXW) Contract Volume	Rate
1	0.00% - 1.00%	\$0.28
2	1.01% - 4.00%	\$0.26
3	4.01% - 9.00%	\$0.24
4	9.01% - 15.00%	\$0.22
5	Above 15.00%	\$0.20

This scale will not require a prepayment or any other preregistration.

Floor Brokerage Fees

Currently, Floor Brokerage fees for OEX, XEO, RUT, RLG, RLV, RUI, AWDE, FTEM, FXTM, UKXM and SPX Index Options are \$0.04 (crossed orders \$0.02) and VIX and volatility index options are \$0.03 (crossed orders \$0.015).⁴

The Exchange is implementing a new floor brokerage fees discount for Floor Brokers (“FBD”). The discount will be based on the total monthly floor broker volume and will allow floor brokers to reduce their floor brokerage fees for the products noted above provided certain volume thresholds are attained during a month. With the FBD, floor brokers will receive discounts of up to 6% on their floor brokerage fees, depending on volume. The FBD will be as follows:

Tiers	Total Monthly Floor Broker Volume in Qualifying Classes⁵	% Discount on All Floor Brokerage Fees
1	1 – 250,000	0%
2	250,001 – 1,500,000	3%
3	1,500,001 – 5,000,000	4%
4	5,000,001 – 7,500,000	5%
5	Above 7,500,000	6%

Example: If a Floor Broker’s monthly volume in the qualifying classes totals 2,000,000, then the Floor Broker will receive 4% discount on all of its Floor Brokerage fees for the month.

⁴ Transaction fees for RLG, RLV, RUI, AWDE, FTEM, FXTM and UKXM are currently waived through December 31, 2017 and the Exchange plans to extend such waiver. For as long as transaction fees are waived for these products, volume in these products will not count towards the qualifying thresholds.

⁵ Qualifying volume means volume for which transaction fees are assessed (i.e., OEX, XEO, RUT, SPX (including SPXW), VIX and volatility index options only).



AIM Contra Execution Fee

The Exchange is increasing the AIM Contra Execution Fee for Broker-Dealer, Firm, Joint Back-Office, Non-TPH Market-Maker and Professional/Voluntary Professional orders from \$0.05 to \$0.07.

Frequent Trader Program

The Exchange is altering both the qualifying volume thresholds and the rebate per contract rates of the Frequent Trader Program for RUT. The monthly Customer/Professional Customer/Voluntary Professional (origin codes “C” and “W”) contract thresholds for VIX and SPX (including SPXW) remain unchanged, while the contract thresholds and fee rebate percentage for RUT are increasing. The fee rebate percentages for each tier is presented in the table below.

Tier	VIX		SPX and SPXW		RUT	
	Monthly Contracts Traded	Fee Rebate	Monthly Contracts Traded	Fee Rebate	Monthly Contracts Traded	Fee Rebate
1	10,000 – 99,999	5%	10,000 – 49,999	3%	10,000 – 24,999	10%
2	100,000 – 299,999	15%	50,000 – 99,999	6%	25,000 – 49,999	15%
3	300,000 and above	25%	100,000 and above	9%	50,000 and above	25%

Market-Maker Trading Permit Sliding Scale and Floor Broker Trading Permit Sliding Scale

Trading Permit Sliding Scale Programs for 2018, including any changes to permit fees, are disclosed in [Cboe Options Regulatory Circular RG17-187](#).

Hybrid Agency Liaison (“HAL”) Step-Up Rebate

The Exchange currently provides a \$0.05 per contract rebate to Market-Makers who execute transactions in HAL in response to auction messages, provided those Market-Makers have, in the previous calendar month, submitted at least 70% of their total quotes in the subject penny pilot class (not including LEAPS) on either side of the NBBO. The Exchange proposes to eliminate the HAL Step-Up Rebate.

Affiliate Volume Plan (“AVP”)

Currently, Market-Makers who have affiliate Trading Permit Holders that reach Tier 2, Tier 3 and/or Tier 4 of VIP receive a discount on their LP Sliding Scale Market-Maker transaction fees, not including any additional surcharges, of 10%, 20% and 30%, respectively. The Exchange is decreasing the discount for Tier 3 to 15% and adding Tier 5 at 35%.

Extended Trading Hours (“ETH”) Trading Permit Fees

Currently the Exchange is waiving all ETH trading permit and bandwidth packet fees for one of each type of trading permit and one of each type of bandwidth packet, per affiliated Trading Permit Holder, through December 31, 2017. The Exchange is extending the waiver period through June 30, 2018.

Unless extended further at that time, the Exchange intends to assess the following charges:

- ETH Market-Maker Trading Permits - \$1,000/month



- ETH Electronic Access Trading Permits - \$500/month
- ETH Quoting and Order Entry Bandwidth Packet - \$500/month
- ETH Order Entry Only Bandwidth Packet - \$250/month

Extended Trading Hours - Cboe Command Connectivity Fees

Currently the Exchange is waiving fees for CMI/Fix Login IDs associated with waived ETH trading permits and/or waived ETH bandwidth packets through December 31, 2017. The Exchange is extending the waiver for CMI/Fix Login IDs associated with waived ETH trading permits and/or waived ETH bandwidth packets through June 30, 2018. Unless extended further at that time, the Exchange intends to then assess a CMI/Fix ETH login fee of \$750/month/login.

VIX and Volatility Surcharge

The Exchange is extending the waiver period for the VIX surcharge for origin code F and L for VIX transactions where the VIX Premium is less than or equal to \$0.10 and the related series has an expiration of seven (7) calendar days or less through June 30, 2018.

Transaction Fees for RLG, RLV, RUI, AWDE, FTEM, FXTM and UKXM

Currently the Exchange is waiving transaction fees for RLG, RLV, RUI, AWDE, FTEM, FXTM and UKXM through December 31, 2017. The Exchange is extending the transaction fee waiver for these option classes through June 30, 2018.

DPM Appointments in AWDE, FTEM, FXTM, UKXM and RVX

The DPM(s) appointed for an entire month in either AWDE, FTEM, FXTM or UKXM receive a payment of \$7,500 per month, and the DPM appointed in RVX receives a payment of \$8,500 per month, through December 31, 2017. The Exchange proposes to adopt a new payment of \$5,000 per month for the DPM appointed in UKXM through December 31, 2018. The Exchange will not be extending the other payments.

FLEX Asian & Cliquet FLEX Trader Incentive Program

The FLEX Asian & Cliquet FLEX Trader Incentive Program provides monthly payments to FLEX Traders that trade orders with origin codes other than "C" against customer ("C" origin code) orders for FLEX Broad-Based Index Options with Asian or Cliquet style settlement ("Exotics"). A compensation pool equal to the lesser of 20% of customer exchange fees from Exotics (collected from customer orders traded against orders with origin codes other than "C") or \$50,000 will be available each month. A FLEX Trader will be entitled to a pro-rata share of this pool based on customer order fees collected from customer orders traded against that FLEX Trader's orders with origin codes other than "C" in Exotics each month. Currently, this program shall be in place until December 31, 2017 or until total average daily volume in Exotics exceeds 15,000 contracts for three consecutive months, whichever comes first. The Exchange is amending the Fee Schedule to provide that this program shall be in place until June 30, 2018 or until total average daily volume in Exotics exceeds 15,000 contracts for three consecutive months, whichever comes first. At the time the FLEX Asian & Cliquet FLEX Trader Incentive Program ends, the Exchange will submit a rule filing removing the program from the fee schedule and notice shall be given via regulatory circular.



Connectivity Charges

Changes to connectivity fees were disclosed in a previous [Exchange Notice](#).

Cboe Exchange Fees Schedule

<http://www.cboe.com/publish/feeschedule/CBOEFeeSchedule.pdf>

Additional Information

Questions may be directed to Jennifer Gillund at (312) 786-7771 or gillundj@cboe.com, or John Mavindidze at (312) 786-7689 or mavindidze@cboe.com.