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September 18, 2020

Via Electronic Submission

Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-0609

Re: Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change Relating to Adopt Compression Orders (Release No. 34-89707; File No. SR-CBOE-2020-074)

Dear Ms. Countryman:

Optiver US LLC and AMS Derivatives B.V. (collectively “Optiver” or the “Firms”) fully support the comment letter provided by FIA and PTG (the “**FIA Comment Letter**”) of the Cboe Exchange, Inc. (“**Cboe**” or the “**Exchange**”) proposal to the Securities and Exchange Commission (“**Commission**”) “Proposal to Adopt Compression Orders” (the “**Proposal**”). The Firms respectfully submits this supplemental comment letter to provide additional background and support for the FIA Comment Letter and Proposal. The Firms support compression services for trading that permits exchanges to design and implement services that address the ability to reduce risk, effectively manage balance sheet risk and decrease risk weighted assets.

As an options liquidity provider it is not uncommon to generate large portfolios of positions with relatively little unhedged market exposure. One of the capital charges implemented by Dodd-Frank is based on the aggregate notional value of short positions regardless of offsets. The impact of this methodology is compounded in the Exchange’s SPX options market due to the large notional value of SPX contracts and the significant number of open SPX strikes and positions. While there are changes to the capital charges as currently implemented which will alleviate some of the current distortions, global capital charge regimes continue to evolve and Optiver expects these distortions to persist for years to come.

While Cboe’s current compression forum offers market participants an opportunity to reduce their open positions and the associated capital constraints, the existing process contains numerous inefficiencies. If enacted, the Proposal will decrease a number of these inefficiencies by including an electronic compression component, allowing increased pricing granularity, and permitting the inclusion of certain positions and complex structures within the Cboe options product set.

The Proposal will also provide market makers of all sizes greater risk management tools to actively reduce risk weighted assets and overall balance sheet risk on a more frequent basis than just at month-end. These market leading developments by the Exchange will allow market makers to quote at tighter bid-ask spreads and larger quote sizes to the benefit of investors, keep the US market at the forefront of industry thought leadership, and help ensure the overall long-term health of the market.



Optiver appreciates this opportunity to reinforce our support and provide further comment on the Proposal. Please contact Liam Smith, Head of Corporate Strategy, Optiver US LLC, at liamsmith@optiver.us or Edward Monrad, Head of Business Development, AMS Derivatives B.V., at EMonrad@amsderivatives.com if you have any questions about this letter.

Respectfully Submitted,

Michael Golding
Head of Trading
Optiver US LLC

Rutger Brinkhuis
Head of Trading
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cc: Walter J. Clayton, Chairman
Hester M. Peirce, Commissioner
Elad L. Roisman, Commissioner
Allison H. Lee, Commissioner
Caroline A. Crenshaw, Commissioner

Brett W. Redfearn, Director of the Division of Trading and Markets