



February 27, 2019

Christopher J. Kirkpatrick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

Re: Cboe Futures Exchange, LLC Rule Certification  
Submission Number CFE-2019-003

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and §40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission (“CFTC” or “Commission”) under the Act, Cboe Futures Exchange, LLC (“CFE” or “Exchange”) hereby submits a CFE rule amendment (“Amendment”) to clarify and update various CFE rule provisions. Exhibit 1 to this submission sets forth the rule changes included in the Amendment. The Amendment will become effective on March 13, 2019.

Specifically, CFE is amending the following rule provisions within the CFE Rulebook as described below in order to clarify and update certain aspects of those provisions:

- CFE is adding quotations around the term “ECRP” (which is the short form reference for the term “Exchange of Contract for Related Position”) in the definition of those terms in Chapter 1 of the CFE Rulebook to make that provision consistent with references to other defined terms in that rule chapter.
- CFE is revising CFE Rule 209 (Business Conduct Committee) to remove to a reference to authorization of charges by a Business Conduct Committee (“BCC”) Panel. This change is consistent with recent rule amendments in CFE rule certification submission number CFE-2018-025 which transferred the authority to authorize statements of charges in CFE disciplinary proceedings from a BCC Panel to CFE’s Chief Regulatory Officer (“CRO”).
- CFE is amending CFE Rule 214 (Confidentiality and Conflicts of Interest) to provide that Exchange employees shall be subject to Exchange policies and procedures regarding the acceptance of any gift, gratuity, compensation, or other form of remuneration from any CFE Trading Privilege Holder (“TPH”) or Related Party of a TPH. CFE is inserting this provision in place of a more specific description of the applicable restrictions. Given that the actual restrictions in this regard that are contained in CFE’s internal policies and procedures are much more detailed, CFE believes that its internal policies and procedures are the appropriate place to set forth the specific details regarding these restrictions and their application (along with the amended rule provision in Rule 214 which references that

Exchange employees are subject to these policies and procedures).

- CFE is revising CFE Rule 418 (Emergencies) to remove the requirement that an emergency rule placed into effect pursuant to Rule 418 would need to be approved by the CFE Board of Directors (“Board”) within 30 business days in order to remain in effect. Consistent with CFE Rule 203, the Board has delegated to CFE’s President or a CFE Managing Director the authority to approve CFE rule changes. Non-emergency CFE rule changes are not required to be approved by the Board within 30 business days in order to remain in effect. CFE does not believe that emergency rule changes should be treated any differently. Additionally, the Board will retain its authority to review any emergency rule changes. Specifically, Policy and Procedure V of the Policies and Procedures Section of the CFE Rulebook will continue to require that the Board be provided with notice of any emergency action that is taken by CFE (which would include an emergency rule change) and Rule 418 will continue to provide that any emergency rule may be revoked, suspended, or modified by the Board.
- CFE is amending CFE Rule 419 (Limitation of Liability; Legal Proceedings) to give the Exchange the ability to extend the 14 day time frame under Rule 419(d) during which a TPH must execute and return a release form to the Exchange in connection with receiving a payment for a claim made under CFE Rule 419. For example, a TPH may need additional time for legal review of the release form. The amended provision would provide the Exchange with the discretion to grant an extension in a circumstance such as this. The Exchange may also apply this provision retroactively with respect to claims recently made to the Exchange. In addition, CFE is amending Rule 419(j) to correct a typographical error to replace the word “date” with the word “data” (which is the word that was always intended to be used in this instance).
- CFE is revising CFE Rules 1202(p), 1302(p), 1402(p), 1502(p), 1602(p), 2102(p), and 2302(p) of the contract specification rule chapters in the CFE Rulebook for Cboe Volatility Index (“VX”) futures, Cboe Bitcoin (USD) (“XBT”) futures, Cboe/CBOT 10-Year U.S. Treasury Note Volatility Index (“VA”) futures, Cboe® iBoxx® iShares® Bond Index (“CB Index”) futures, Individual Stock Based and Exchange-Traded Fund Based Volatility Index (“Volatility Index”) security futures, Cboe Russell 2000 Volatility Index (“VU”) futures, and S&P 500 Variance (“VA”) futures to clarify how the daily settlement price is determined for those products. These revisions are not intended to make any changes to the current process for determining these daily settlement prices. The revisions are solely intended to further clarify how that process currently functions.<sup>1</sup>
- CFE is revising CFE Rule 1501 (Scope of Chapter) in the product specifications rule chapter for CB Index futures to clarify the distinction between the names of the bond indexes on which CFE may list CB Index futures (the iBoxx® iShares® \$ High Yield Corporate Bond Index and the iBoxx® iShares® \$ Investment Grade Corporate Bond Index) and the names of the futures on those indexes (Cboe® iBoxx® iShares® \$ High Yield Corporate Bond Index Futures (“IBHY futures”) and Cboe® iBoxx® iShares® \$ Investment

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<sup>1</sup> CFE does not currently list any Volatility Index security futures contracts or VU futures contracts for trading but has done so in the past and may do so in the future.

Grade Corporate Bond Index (“IBIG futures”)).<sup>2</sup>

CFE believes that the Amendment is consistent with Designated Contract Market Core 6 (Emergency Authority), 7 (Availability of General Information), 13 (Disciplinary Procedures), and 16 (Conflicts of Interest) under Section 5 the Act because the Amendment: (i) allows for the Exchange to implement emergency action in an expeditious and efficient manner while also enabling the Board to review any emergency action taken by the Exchange; (ii) provides additional information in CFE’s rules as to how the Exchange may apply the requirement to provide an executed release form in connection with the payment of a claim, further clarifies the manner in which the Exchange determines daily settlement prices, more clearly delineates the names of the indexes that underlie CB Index futures from the names of the CB Index futures themselves, and corrects typographical errors in CFE’s rules; (iii) further implements recent CFE rule changes to vest the CRO with the authority to authorize statements of charges, which are intended to improve the efficiency and functioning of CFE’s disciplinary processes; and (iv) provides that CFE employees shall be subject to CFE policies and procedures regarding the acceptance of any gift, gratuity, compensation, and other form of remuneration from TPHs and Related Parties of TPHs, which serves to minimize conflicts of interest in the decision-making processes of the Exchange.

CFE believes that the impact of the Amendment will be beneficial to the public and market participants. CFE is not aware of any substantive opposing views to the Amendment. CFE hereby certifies that the Amendment complies with the Act and the regulations thereunder. CFE further certifies that CFE has posted a notice of pending certification with the Commission and a copy of this submission on CFE’s Web site (<http://cfe.cboe.com/aboutcfe/rules.aspx>) concurrent with the filing of this submission with the Commission.

Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 or Nicole Gordon at (312) 786-8109. Please reference our submission number CFE-2019-003 in any related correspondence.

Cboe Futures Exchange, LLC

/s/ Matthew McFarland

By: Matthew McFarland  
Managing Director

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<sup>2</sup> See Exhibit 2 for disclaimers and trademarks with respect to IBHY and IBIG futures relating to and of Markit Indices Limited and BlackRock Fund Advisors.

## **EXHIBIT 1**

The Amendment, marked to show additions in underlined text and deletions in [bracketed] text, consists of the following:

\* \* \* \* \*

### **Cboe Futures Exchange, LLC Rules**

\* \* \* \* \*

#### **Chapter 1 Definitions**

\* \* \* \* \*

##### **Exchange of Contract for Related Position or ECRP**

The term “Exchange of Contract for Related Position” or “ECRP” means an exchange of a Contract listed on the Exchange for a Related Position, as that term is defined in Rule 414(b), that is entered into in accordance with the Rules of the Exchange.

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##### **209. Business Conduct Committee**

The functions and responsibilities of the Business Conduct Committee shall be assumed by the business conduct committee of Cboe Options, as appointed from time to time pursuant to Cboe Options Rule 2.1(a). The Business Conduct Committee shall not include any Exchange regulatory staff. The Business Conduct Committee shall have the authority and rights assigned to it in Chapter 7, which shall be exercised in each instance by a panel of the Business Conduct Committee (each such panel, a “BCC Panel”). Each BCC Panel shall consist of no fewer than three members of the Business Conduct Committee, each of whom shall be appointed by the chairman of the Business Conduct Committee. At least one member of the Business Conduct Committee and of each BCC Panel shall be an individual who would qualify as a Public Director as defined in Rule 201(b)(ii). No group or class of industry participants shall dominate or exercise disproportionate influence on the Business Conduct Committee or any BCC Panel. No member of a BCC Panel that considers [the authorization of charges or] whether to accept a settlement or letter of consent in a disciplinary matter under Chapter 7 shall be a member of the BCC Panel that conducts a hearing or summary proceedings in that matter under Chapter 7. No BCC Panel shall include any member of the Business Conduct Committee that has a financial, personal or other direct interest in the matter under consideration.

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##### **214. Confidentiality and Conflicts of Interest**

(a) - (b) No change.

(c) [No Exchange regulatory or enforcement employee shall accept directly or indirectly any gift, gratuity, compensation or any other form of remuneration valued at more than nominal monetary value annually from any Trading Privilege Holder or any Related Party of a Trading Privilege Holder without the approval of the President. No other Exchange employee shall

accept directly or indirectly any gift, gratuity, compensation or any other form of remuneration valued at an amount greater than \$50 annually from any Trading Privilege Holder or any Related Party of a Trading Privilege Holder (other than reasonable and conventional business meals and courtesies) without the approval of the President.] Exchange employees shall be subject to Exchange policies and procedures regarding the acceptance of any gift, gratuity, compensation or any other form of remuneration from any Trading Privilege Holder or any Related Party of a Trading Privilege Holder.

(d) - (e) No change.

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#### **418. Emergencies**

(a) - (b) No change.

(c) In the event that any Emergency or Physical Emergency action has been taken pursuant to paragraph (a) or (b) above, any Person who is authorized to take such action may order the removal of any restriction previously imposed based upon a determination by such Person that the Emergency or Physical Emergency that gave rise to such restriction no longer exists or has sufficiently abated to permit the functions of the Exchange to continue in an orderly manner. Any Emergency or Physical Emergency action placed into effect in accordance with paragraph (a) or (b) above may be reviewed by the Board at any time and may be revoked, suspended or modified by the Board. [Any rule placed into effect in accordance with paragraph (a) above may remain in effect for up to 30 Business Days, after which time it must be approved by the Board to remain in effect.] Any [such] rule placed into effect in accordance with paragraph (a) above [shall be reviewed by the Board as soon as practicable under the circumstances, and] may be revoked, suspended or modified by the Board.

(d) - (e) No change.

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#### **419. Limitation of Liability; Legal Proceedings**

(a) - (c) No change.

(d) IF ALL OF THE GRANTED REQUESTS SUBMITTED PURSUANT TO PARAGRAPH (c) ABOVE CANNOT BE FULLY SATISFIED BECAUSE IN THE AGGREGATE THEY EXCEED THE MAXIMUM AMOUNT OF PAYMENTS AUTHORIZED IN PARAGRAPH (b)(ii) ABOVE FOR A SINGLE CALENDAR MONTH, THEN SUCH MAXIMUM AMOUNT SHALL BE ALLOCATED AMONG ALL SUCH GRANTED REQUESTS ARISING DURING THAT CALENDAR MONTH BASED UPON THE PROPORTION THAT THE AMOUNT OF EACH SUCH GRANTED REQUEST BEARS TO THE SUM OF ALL SUCH GRANTED REQUESTS. EXCEPT AS PROVIDED IN THIS RULE, REQUESTS MADE PURSUANT TO PARAGRAPH (c) ABOVE SHALL CONSTITUTE A TRADING PRIVILEGE HOLDER'S SOLE RECOURSE TO SEEK COMPENSATION FROM COVERED PERSONS RELATING TO A LOSS EVENT. ALL PAYMENTS TO TRADING PRIVILEGE HOLDERS PURSUANT TO THIS RULE WILL BE CONTINGENT UPON THE EXECUTION AND DELIVERY TO THE EXCHANGE OF A RELEASE BY THE TRADING PRIVILEGE HOLDER OF ALL CLAIMS BY IT OR ITS

AFFILIATES AGAINST COVERED PERSONS FOR LOSSES THAT ARISE OUT OF, ARE ASSOCIATED WITH OR RELATE IN ANY WAY TO THE LOSS EVENT OR TO ANY ACTIONS OR OMISSIONS RELATED IN ANY WAY TO THE LOSS EVENT. FAILURE TO PROVIDE THE RELEASE WITHIN 14 DAYS OF NOTIFICATION OF THE PAYMENT AMOUNT BY THE EXCHANGE WILL VOID THE TRADING PRIVILEGE HOLDER'S ELIGIBILITY TO RECEIVE A PAYMENT PURSUANT TO THIS RULE, UNLESS THIS 14 DAY TIME PERIOD IS EXTENDED BY THE EXCHANGE AT ITS SOLE DISCRETION.

(e) - (i) No change.

(j) NO INDEX LICENSOR WITH RESPECT TO ANY INDEX UNDERLYING A CONTRACT TRADED ON THE EXCHANGE AND NO AFFILIATE OF SUCH INDEX LICENSOR MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON FROM THE USE OF SUCH INDEX, ANY OPENING, INTRA-DAY OR CLOSING VALUE THEREFOR, OR ANY DATA INCLUDED THEREIN OR RELATING THERETO, IN CONNECTION WITH THE TRADING OF ANY CONTRACT BASED THEREON OR FOR ANY OTHER PURPOSE. THE INDEX LICENSOR AND ITS AFFILIATES SHALL OBTAIN INFORMATION FOR INCLUSION IN, OR FOR USE IN THE CALCULATION OF, SUCH INDEX FROM SOURCES THEY BELIEVE TO BE RELIABLE, BUT THE INDEX LICENSOR AND ITS AFFILIATES DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INDEX, ANY OPENING, INTRA-DAY OR CLOSING VALUE THEREFOR, OR ANY [DATE] DATA INCLUDED THEREIN OR RELATED THERETO. THE INDEX LICENSOR AND ITS AFFILIATES HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO SUCH INDEX, ANY OPENING, INTRA-DAY, OR CLOSING VALUE THEREFOR, ANY DATA INCLUDED THEREIN OR RELATING THERETO, OR ANY CONTRACT BASED THEREON. THE INDEX LICENSOR AND ITS AFFILIATES SHALL HAVE NO LIABILITY FOR ANY DAMAGES, CLAIMS, LOSSES (INCLUDING ANY INDIRECT OR CONSEQUENTIAL LOSSES), EXPENSES, OR DELAYS, WHETHER DIRECT OR INDIRECT, FORESEEN OR UNFORESEEN, SUFFERED BY ANY PERSON ARISING OUT OF ANY CIRCUMSTANCE OR OCCURRENCE RELATING TO THE PERSON'S USE OF SUCH INDEX, ANY OPENING, INTRA-DAY OR CLOSING VALUE THEREFOR, ANY DATA INCLUDED THEREIN OR RELATING THERETO, OR ANY CONTRACT BASED THEREON, OR ARISING OUT OF ANY ERRORS OR DELAYS IN CALCULATING OR DISSEMINATING SUCH INDEX. FOR PURPOSES OF THIS RULE 419, THE TERM "INDEX LICENSOR" INCLUDES ANY PERSON THAT GRANTS THE EXCHANGE A LICENSE TO USE AN INDEX IN CONNECTION WITH THE TRADING ON THE EXCHANGE OF A CONTRACT BASED ON THE INDEX AND ANY PERSON DESIGNATED BY THE EXCHANGE AS THE SOURCE FOR CALCULATING AND/OR REPORTING THE LEVEL OF AN INDEX UNDERLYING A CONTRACT TRADED ON THE EXCHANGE, AND ALSO INCLUDES, WITH RESPECT TO ANY INDEX OF WHICH THE EXCHANGE OR AN AFFILIATE OF THE EXCHANGE IS THE PROPRIETOR OR FOR WHICH THE EXCHANGE OR AN AFFILIATE OF THE EXCHANGE CALCULATES AND/OR REPORTS LEVELS OF THE INDEX, THE EXCHANGE ITSELF AND ITS AFFILIATES. FOR PURPOSES OF THIS RULE 419, REFERENCES TO THE TERM "INDEX" SHALL ALSO BE DEEMED TO ENCOMPASS AND APPLY TO ANY BENCHMARK OTHER THAN AN INDEX AND TO ANY VALUE OR PRICE OF A COMMODITY.

(k) No change.

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## 1202. Contract Specifications

(a) - (o) No change.

(p) *Daily Settlement Price.* The daily settlement price for a VX futures Contract [will be] is calculated in the following manner for each Business Day:

(i) [If both the last best bid and the last best offer for the VX futures Contract during the applicable Business Day prior to the close of regular trading hours on that Business Day do not have a value of zero, the daily settlement price for the VX futures contract will be the average of the last best bid and the last best offer]. The daily settlement price for a VX futures Contract is the average of the bid and the offer from the last best two-sided market in that VX futures Contract during the applicable Business Day prior to the close of regular trading hours on that Business Day which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value. If a two-sided market includes either no bid or no offer, the bid or offer would be considered to have a zero value and that two-sided market would not be used for this purpose.

[(ii) If either the last best bid or last best offer for the VX futures Contract has a value of zero, the daily settlement price for the VX futures Contract will be the average of the most recent two-sided market in the VX futures Contract without a bid or an offer with a value of zero during the applicable Business Day prior to the close of regular trading hours on that Business Day.]

[(iii)](ii) If there is no two-sided market in the VX futures Contract during the applicable Business Day prior to the close of regular trading hours on that Business Day [with both a bid and an offer that do not have a value of zero] which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value, the daily settlement price for the VX futures Contract will be the daily settlement price of the VX futures Contract with the nearest expiration date in calendar days to the expiration date of the VX futures Contract for which the daily settlement price is being determined. If there is a VX futures Contract with an earlier expiration date and a VX futures Contract with a later expiration date that each meet this criterion, the daily settlement price of the VX futures Contract with the earlier expiration date will be utilized.

[(iv)](iii) The daily settlement price may go out to four decimal places and may be a price that is not at a minimum increment for the VX futures Contract.

[(v)](iv) The Exchange may in its sole discretion establish a daily settlement price for a VX futures Contract that it deems to be a fair and reasonable reflection of the market if:

(A) the Exchange determines in its sole discretion that the daily settlement price determined by the parameters set forth in paragraphs (p)(i) - (p)([(iii)](ii)) above is not a fair and reasonable reflection of the market; or

(B) there is a trading halt in the VX futures Contract or other unusual circumstance at the scheduled close of regular trading hours for the VX futures Contract on the applicable Business Day.

(q) - (r) No change.

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### 1302. Contract Specifications

(a) - (o) No change.

(p) *Daily Settlement Price.* The daily settlement price for a XBT futures Contract [will be] is calculated in the following manner for each Business Day:

(i) [If both the last best bid and the last best offer for the XBT futures Contract during the applicable Business Day prior to the close of regular trading hours on that Business Day do not have a value of zero, the daily settlement price for the XBT futures contract will be the average of the last best bid and the last best offer]. The daily settlement price for a XBT futures Contract is the average of the bid and the offer from the last best two-sided market in that XBT futures Contract during the applicable Business Day prior to the close of regular trading hours on that Business Day which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value. If a two-sided market includes either no bid or no offer, the bid or offer would be considered to have a zero value and that two-sided market would not be used for this purpose.

[(ii) If either the last best bid or last best offer for the XBT futures Contract has a value of zero, the daily settlement price for the XBT futures Contract will be the average of the most recent two-sided market in the XBT futures Contract without a bid or an offer with a value of zero during the applicable Business Day prior to the close of regular trading hours on that Business Day.]

[(iii)](i) If there is no two-sided market in the XBT futures Contract during the applicable Business Day prior to the close of regular trading hours on that Business Day [with both a bid and an offer that do not have a value of zero] which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value, the daily settlement price for the XBT futures Contract will be the daily settlement price of the XBT futures Contract with the nearest expiration date in calendar days to the expiration date of the XBT futures Contract for which the daily settlement price is being determined. If there is a XBT futures Contract with an earlier expiration date and a XBT futures Contract with a later expiration date that each meet this criterion, the daily settlement price of the XBT futures Contract with the earlier expiration date will be utilized.

[(iv)](iii) The daily settlement price may go out to four decimal places and may be a price that is not at a minimum increment for the XBT futures Contract.

[(v)](iv) The Exchange may in its sole discretion establish a daily settlement price for a XBT futures Contract that it deems to be a fair and reasonable reflection of the market if:



(A) the Exchange determines in its sole discretion that the daily settlement price determined by the parameters set forth in paragraphs (p)(i) - (p)(~~iii~~ii) above is not a fair and reasonable reflection of the market; or

(B) there is a trading halt in the XBT futures Contract or other unusual circumstance at the scheduled close of regular trading hours for the XBT futures Contract on the applicable Business Day.

(q) - (r) No change.

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## 1402. Contract Specifications

(a) - (o) No change.

(p) *Daily Settlement Price.* The daily settlement price for a VXTY futures Contract [will be] is calculated in the following manner for each Business Day:

(i) [If both the last best bid and the last best offer for the VXTY futures Contract during the applicable Business Day do not have a value of zero, the daily settlement price for the VXTY futures contract will be the average of the last best bid and the last best offer]. The daily settlement price for a VXTY futures Contract is the average of the bid and the offer from the last best two-sided market in that VXTY futures Contract during the applicable Business Day which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value. If a two-sided market includes either no bid or no offer, the bid or offer would be considered to have a zero value and that two-sided market would not be used for this purpose.

(ii) If either the last best bid or last best offer for the VXTY futures Contract has a value of zero, the daily settlement price for the VXTY futures Contract will be the average of the most recent two-sided market in the VXTY futures Contract without a bid or an offer with a value of zero during the applicable Business Day.]

(~~iii~~ii) If there is no two-sided market in the VXTY futures Contract during the applicable Business Day [with both a bid and an offer that do not have a value of zero] which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value, the daily settlement price for the VXTY futures Contract will be the daily settlement price of the VXTY futures Contract with the nearest expiration date in calendar days to the expiration date of the VXTY futures Contract for which the daily settlement price is being determined. If there is a VXTY futures Contract with an earlier expiration date and a VXTY futures Contract with a later expiration date that each meet this criterion, the daily settlement price of the VXTY futures Contract with the earlier expiration date will be utilized.

(~~iv~~iii) The daily settlement price may go out to four decimal places and may be a price that is not at a minimum increment for the VXTY futures Contract.

(~~v~~iv) The Exchange may in its sole discretion establish a daily settlement price for a VXTY futures Contract that it deems to be a fair and reasonable reflection of the market if:

(A) the Exchange determines in its sole discretion that the daily settlement price determined by the parameters set forth in paragraphs (p)(i) - (p)([iii]ii) above is not a fair and reasonable reflection of the market; or

(B) there is a trading halt in the VXTY futures Contract or other unusual circumstance at the scheduled close of trading hours for the VXTY futures Contract on the applicable Business Day.

(q) - (r) No change.

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### **1501. Scope of Chapter**

This chapter applies to trading in Cboe<sup>®</sup> iBoxx<sup>®</sup> iShares<sup>®</sup> Bond Index futures.\* The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the generally applicable rules of the Exchange. The Exchange may list Cboe<sup>®</sup> iBoxx<sup>®</sup> iShares<sup>®</sup> Bond Index futures for trading on the Exchange on the following bond indexes (“Corporate Bond Indexes” or “CB Indexes”):

iBoxx<sup>®</sup> iShares<sup>®</sup> \$ High Yield Corporate Bond Index  
iBoxx<sup>®</sup> iShares<sup>®</sup> \$ Investment Grade Corporate Bond Index

Futures on these CB Indexes are referenced in the following manner:

Cboe<sup>®</sup> iBoxx<sup>®</sup> iShares<sup>®</sup> \$ High Yield Corporate Bond Index Futures (“IBHY futures”)  
Cboe<sup>®</sup> iBoxx<sup>®</sup> iShares<sup>®</sup> \$ Investment Grade Corporate Bond Index (“IBIG futures”)

All of the futures on a particular CB Index are treated as a separate product.

The Exchange first listed CB Index futures for trading on the Exchange on September 10, 2018.

\*iBoxx<sup>®</sup> is a service mark IHS Markit Limited. iShares<sup>®</sup> is a registered trademark of BlackRock Fund Advisors and its affiliates.

### **1502. Contract Specifications**

(a) - (o) No change.

(p) *Daily Settlement Price.* The daily settlement price for a CB Index futures Contract [will be] is calculated in the following manner for each Business Day:

(i) [If both the last best bid and the last best offer for the CB Index futures Contract during the applicable Business Day do not have a value of zero, the daily settlement price for the CB Index futures contract will be the average of the last best bid and the last best offer]. The daily settlement price for a CB Index futures Contract is the average of the bid and the offer from the last best two-sided market in that CB Index futures Contract during the applicable Business Day which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value. If a two-sided market includes either no bid or no offer, the bid or offer would be considered to have a zero value and that two-sided market would not be used for this purpose.

[(ii) If either the last best bid or last best offer for the CB Index futures Contract has a value of zero, the daily settlement price for the CB Index futures Contract will be the average of the most recent two-sided market in the CB Index futures Contract without a bid or an offer with a value of zero during the applicable Business Day.]

[(iii)]ii) If there is no two-sided market in the CB Index futures Contract during the applicable Business Day [with both a bid and an offer that do not have a value of zero] which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value, the daily settlement price for the CB Index futures Contract will be the daily settlement price of the CB Index futures Contract with the nearest expiration date in calendar days to the expiration date of the CB Index futures Contract for which the daily settlement price is being determined. If there is a CB Index futures Contract with an earlier expiration date and a CB Index futures Contract with a later expiration date that each meet this criterion, the daily settlement price of the CB Index futures Contract with the earlier expiration date will be utilized.

[(iv)]iii) The daily settlement price may go out to four decimal places and may be a price that is not at a minimum increment for the CB Index futures Contract.

[(v)]iv) The Exchange may in its sole discretion establish a daily settlement price for a CB Index futures Contract that it deems to be a fair and reasonable reflection of the market if:

(A) the Exchange determines in its sole discretion that the daily settlement price determined by the parameters set forth in paragraphs (p)(i) - (p)([(iii)]ii) above is not a fair and reasonable reflection of the market; or

(B) there is a trading halt in the CB Index futures Contract or other unusual circumstance at the scheduled close of trading hours for the CB Index futures Contract on the applicable Business Day.

(q) - (r) No change.

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## **1602. Contract Specifications**

(a) - (o) No change.

(p) *Daily Settlement Price.* The daily settlement price for a Volatility Index futures Contract [will be] is calculated in the following manner for each Business Day:

(i) [If both the last best bid and the last best offer for the Volatility Index futures Contract during the applicable Business Day do not have a value of zero, the daily settlement price for the Volatility Index futures contract will be the average of the last best bid and the last best offer]. The daily settlement price for a Volatility Index futures Contract is the average of the bid and the offer from the last best two-sided market in that Volatility Index futures Contract during the applicable Business Day which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value. If a two-sided market includes either no bid or no offer, the bid or offer would be considered to have a zero value and that

two-sided market would not be used for this purpose.

(ii) If either the last best bid or last best offer for the Volatility Index futures Contract has a value of zero, the daily settlement price for the Volatility Index futures Contract will be the average of the most recent two-sided market in the Volatility Index futures Contract without a bid or an offer with a value of zero during the applicable Business Day.]

(iii) If there is no two-sided market in the Volatility Index futures Contract during the applicable Business Day [with both a bid and an offer that do not have a value of zero] which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value, the daily settlement price for the Volatility Index futures Contract will be the daily settlement price of the Volatility Index futures Contract with the nearest expiration date in calendar days to the expiration date of the Volatility Index futures Contract for which the daily settlement price is being determined. If there is a Volatility Index futures Contract with an earlier expiration date and a Volatility Index futures Contract with a later expiration date that each meet this criterion, the daily settlement price of the Volatility Index futures Contract with the earlier expiration date will be utilized.

(iv) The daily settlement price may go out to four decimal places and may be a price that is not at a minimum increment for the Volatility Index futures Contract.

(v) The Exchange may in its sole discretion establish a daily settlement price for a Volatility Index futures Contract that it deems to be a fair and reasonable reflection of the market if:

(A) the Exchange determines in its sole discretion that the daily settlement price determined by the parameters set forth in paragraphs (p)(i) - (p)(iii) above is not a fair and reasonable reflection of the market; or

(B) there is a trading halt in the Volatility Index futures Contract or other unusual circumstance at the scheduled close of trading hours for the Volatility Index futures Contract on the applicable Business Day.

(q) - (r) No change.

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## **2102. Contract Specifications**

(a) - (o) No change.

(p) *Daily Settlement Price.* The daily settlement price for a VU futures Contract [will be] is calculated in the following manner for each Business Day:

(i) [If both the last best bid and the last best offer for the VU futures Contract during the applicable Business Day do not have a value of zero, the daily settlement price for the VU futures contract will be the average of the last best bid and the last best offer]. The daily settlement price for a VU futures Contract is the average of the bid and the offer from the last best two-sided market in that VU futures Contract during the applicable Business Day which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value. If a two-sided market includes either no bid or no offer, the bid or offer

would be considered to have a zero value and that two-sided market would not be used for this purpose.

(ii) If either the last best bid or last best offer for the VU futures Contract has a value of zero, the daily settlement price for the VU futures Contract will be the average of the most recent two-sided market in the VU futures Contract without a bid or an offer with a value of zero during the applicable Business Day.]

(iii) If there is no two-sided market in the VU futures Contract during the applicable Business Day [with both a bid and an offer that do not have a value of zero] which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value, the daily settlement price for the VU futures Contract will be the daily settlement price of the VU futures Contract with the nearest expiration date in calendar days to the expiration date of the VU futures Contract for which the daily settlement price is being determined. If there is a VU futures Contract with an earlier expiration date and a VU futures Contract with a later expiration date that each meet this criterion, the daily settlement price of the VU futures Contract with the earlier expiration date will be utilized.

(iv) The daily settlement price may go out to four decimal places and may be a price that is not at a minimum increment for the VU futures Contract.

(v) The Exchange may in its sole discretion establish a daily settlement price for a VU futures Contract that it deems to be a fair and reasonable reflection of the market if:

(A) the Exchange determines in its sole discretion that the daily settlement price determined by the parameters set forth in paragraphs (p)(i) - (p)(iii) above is not a fair and reasonable reflection of the market; or

(B) there is a trading halt in the VU futures Contract or other unusual circumstance at the scheduled close of trading hours for the VU futures Contract on the applicable Business Day.

(q) - (r) No change.

\* \* \* \* \*

## **2302. Contract Specifications**

\* \* \* \* \*

(a) - (o) No change.

(p) *Daily Settlement Price.* The daily settlement price for a VA futures Contract [will be] is calculated in the following manner for each Business Day:

(i) [If both the last best bid and the last best offer for the VA futures Contract during the applicable Business Day do not have a value of zero, the daily settlement price for the VA futures contract will be the average of the last best bid and the last best offer]. The daily settlement price for a VA futures Contract is the average of the bid and the offer from the last best two-sided market in that VA futures Contract during the applicable Business Day

which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value. If a two-sided market includes either no bid or no offer, the bid or offer would be considered to have a zero value and that two-sided market would not be used for this purpose.

[(ii) If either the last best bid or last best offer for the VA futures Contract has a value of zero, the daily settlement price for the VA futures Contract will be the average of the most recent two-sided market in the VA futures Contract without a bid or an offer with a value of zero during the applicable Business Day.]

[(iii)ii) If there is no two-sided market in the VA futures Contract during the applicable Business Day [with both a bid and an offer that do not have a value of zero] which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value, the daily settlement price for the VA futures Contract will be the daily settlement price of the VA futures Contract with the nearest expiration date in calendar days to the expiration date of the VA futures Contract for which the daily settlement price is being determined. If there is a VA futures Contract with an earlier expiration date and a VA futures Contract with a later expiration date that each meet this criterion, the daily settlement price of the VA futures Contract with the earlier expiration date will be utilized.

[(iv)iii) The daily settlement price may go out to four decimal places and may be a price that is not at a minimum increment for the VA futures Contract.

[(v)iv) The Exchange may in its sole discretion establish a daily settlement price for a VA futures Contract that it deems to be a fair and reasonable reflection of the market if:

(A) the Exchange determines in its sole discretion that the daily settlement price determined by the parameters set forth in paragraphs (p)(i) - (p)(iii)ii) above is not a fair and reasonable reflection of the market; or

(B) there is a trading halt in the VA futures Contract or other unusual circumstance at the scheduled close of trading hours for the VA futures Contract on the applicable Business Day.

(q) - (s) No change.

## EXHIBIT 2

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