March 4, 2020

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-2020-006

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") relating to Exchange of Contract for Related Position ("ECRP") transactions involving Cboe® iBoxx® iShares® Bond Index ("CB Index") futures. Exhibit 1 to this submission sets forth the rule changes included in the Amendment. The Amendment will become effective on March 18, 2020.

Chapter 15 of the CFE Rulebook includes contract specification provisions relating to CB Index futures. CFE currently offers two CB Index futures for trading: Cboe® iBoxx® iShares® $ High Yield Corporate Bond Index Futures ("IBHY futures") and Cboe® iBoxx® iShares® $ Investment Grade Corporate Bond Index ("IBIG futures").[1] IBHY futures are cash-settled futures on the iBoxx® iShares® $ High Yield Corporate Bond Index ("IBXXIBHY Index"). IBIG futures are cash-settled futures on the iBoxx® iShares® $ Investment Grade Corporate Bond Index ("IBXXIBIG Index").

CFE Rule 1502(j) (Exchange of Contract for Related Position) provides that ECRP transactions may be entered into with respect to CB Index futures subject to two conditions. First, the ECRP transaction must satisfy the requirements of CFE Rule 414 (Exchange of Contract for Related Position). Second, the related position portion of the transaction must be in an exchange traded product enumerated in Rule 1502(j). For any ECRP transaction involving IBHY futures, the related position portion of the transaction must be in the iShares® iBoxx® $ High Yield Corporate Bond ETF ("HYG ETF") or the iShares $ High Yield Corp Bond UCITS ETF. For any ECRP transaction involving IBIG futures, the related position portion of the transaction must be in the iShares® iBoxx® $ Investment Grade Corporate Bond ETF ("LQD ETF") or the iShares $ Corp Bond UCITS ETF.

[1] 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.

CFE is amending Rule 1502(j) to delete the specific list of instruments that may be a related position in an ECRP transaction involving CB Index futures in order to expand the potential instruments that may be a related position in those transactions. Specifically, CFE is replacing that list with the requirement that the related position portion of an ECRP transaction involving CB Index futures must be either an exchange-traded fund ("ETF") or a total return swap.

CFE is making the Amendment because there are other ETFs and total return swaps that CFE believes could also serve as a related position for an ECRP transaction involving CB Index futures in addition to the ETFs currently listed in Rule 1502(j). With respect to IBHY futures, an example of such an ETF is the SPDR® Bloomberg Barclays High Yield Bond ETF ("JNK ETF") which provides exposure to U.S. dollar denominated, high yield corporate bonds with above-average liquidity similar to the HYG ETF.[2] With respect to IBIG futures, an example of such an ETF is the Vanguard Intermediate-Term Corporate Bond ETF ("VCIT ETF") which invests primarily in investment grade corporate bonds similar to the LQD ETF. Similarly, examples of such total return swaps in relation to IBHY futures include total return swaps on the HYG ETF, JNK ETF, or IBXXIBHY Index. Examples of such total return swaps in relation to IBIG futures include total return swaps on the LQD ETF, VCIT ETF, or IBXXIBIG Index. There are other ETFs and total return swaps that could also be related positions in these transactions. Accordingly, CFE is specifying the permissible categories of related positions rather than seeking to enumerate every specific ETF or total return swap that could be a related position. Additionally, this allows for flexibility as new ETFs come to market and other total return swaps come into use.

As is the case with any ECRP transaction, all ECRP transactions involving CB Index futures must comply with the requirements of Rule 414. These requirements include, among others, the requirement under Rule 414(b) that the related position must have a high degree of price correlation to the underlying of the futures transaction so that the futures transaction would serve as an appropriate hedge for the related position. Thus, the related position in an ECRP transaction involving CB Index futures must not only be an ETF or a total return swap but must also have a high degree of price correlation with the specific futures portion of the particular ECRP transaction.

CB Index futures are a relatively new product type on CFE. Accordingly, at this point in the development of the market for CB Index futures, CFE believes that it is helpful to market participants and to CFE's review of ECRP transactions in CB Index futures for compliance with Rule 414 to specify particular types of instruments that may be a related position in an ECRP transaction involving CB Index futures. At a later point in time, CFE may remove the designation in its rules of specific categories of instruments that may be a related position in these transactions and simply require that any ECRP transaction comply with the requirements of Rule 414 as is the case with other CFE products.

CFE believes that the Amendment is consistent with the Designated Contract Market ("DCM") Core Principles under Section 5 of the Act. In particular, CFE believes that the Amendment is consistent with (i) DCM Core Principle 2 (Compliance with Rules) in that the Amendment enhances the Exchange's ability to enforce compliance with Rule 414 in the context of ECRP transactions involving CB Index futures; (ii) DCM Core Principle 7 (Availability of General Information) in that the Amendment provides guidance to market participants regarding the types of related positions that are permitted in ECRP transactions involving CB Index futures; and (iii) DCM

[2] *SPDR® is a registered trademark of Standard & Poor's Financial Services LLC. All other trademarks and service marks referenced in this rule certification are the property of their respective owners.

Core Principle 9 (Execution of Transactions) and Commission Regulation 1.38(a) (Competitive Execution Required; Exceptions) in that these provisions allow a DCM to adopt rules that authorize the consummation of ECRP transactions outside of the centralized market of the DCM, such as exchanges of futures for swaps, as is done by the Amendment.

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 Michael Margolis at (312) 786-7153. Please reference our submission number CFE-2020-006 in any related correspondence.

Cboe Futures Exchange, LLC

/s/ Matthew McFarland

By: Matthew McFarland
Managing Director

EXHIBIT 1

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

* * * * *

Cboe Futures Exchange, LLC
Rulebook

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1502. Contract Specifications

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(a) - (i) No change.

(b) *Exchange of Contract for Related Position*. Exchange of Contract for Related Position transactions, as set forth in Rule 414, may be entered into with respect to CB Index futures. <u>The related position portion of an ECRP transaction involving CB Index futures must be either an exchange-traded fund or a total return swap.</u> Any Exchange of Contract for Related Position transaction must satisfy the requirements of Rule 414.

~~For any ECRP transaction involving IBHY futures, the related position portion of the transaction must be in one of the following Exchange Traded Products: iShares iBoxx $ High Yield Corporate Bond ETF (Ticker: HYG) and iShares $ High Yield Corp Bond UCITS ETF (Ticker: SHYU).~~

~~For any ECRP transaction involving IBIG futures, the related position portion of the transaction must be in one of the following Exchange Traded Products: iShares iBoxx $ Investment Grade Corporate Bond ETF (Ticker: LQD) and iShares $ Corp Bond UCITS ETF (Ticker: LQDE).~~

The minimum price increment for an Exchange of Contract for Related Position involving CB Index futures is 0.005 index points.

(k) - (r) No change.

EXHIBIT 2

The iBoxx® iShares® $ High Yield Corporate Bond Index and the iBoxx® iShares® $ Investment Grade Corporate Bond Index (the "Indexes") referenced herein are the property of Markit Indices Limited ("Index Sponsor") and have been licensed for use in connection with Cboe® iBoxx® iShares® $ High Yield Corporate Bond Index Futures and Cboe® iBoxx® iShares® $ Investment Grade Corporate Bond Index Futures. Each party to a Cboe® iBoxx® iShares® $ High Yield Corporate Bond Index Futures or Cboe® iBoxx® iShares® $ Investment Grade Corporate Bond Index Futures transaction acknowledges and agrees that the transaction is not sponsored, endorsed or promoted by the Index Sponsor. The Index Sponsor makes no representation whatsoever, whether express or implied, and hereby expressly disclaims all warranties (including, without limitation, those of merchantability or fitness for a particular purpose or use), with respect to the Indexes or any data included therein or relating thereto, and in particular disclaims any warranty either as to the quality, accuracy and/or completeness of the Indexes or any data included therein, the results obtained from the use of the Indexes and/or the composition of the Indexes at any particular time on any particular date or otherwise and/or the creditworthiness of any entity, or the likelihood of the occurrence of a credit event or similar event (however defined) with respect to an obligation, in the Indexes at any particular time on any particular date or otherwise. The Index Sponsor shall not be liable (whether in negligence or otherwise) to the parties or any other person for any error in the Indexes, and the Index Sponsor is under no obligation to advise the parties or any person of any error therein.

The Index Sponsor makes no representation whatsoever, whether express or implied, as to the advisability of purchasing or selling Cboe® iBoxx® iShares® $ High Yield Corporate Bond Index Futures or Cboe® iBoxx® iShares® $ Investment Grade Corporate Bond Index Futures, the ability of the Indexes to track relevant markets' performances, or otherwise relating to the Indexes or any transaction or product with respect thereto, or of assuming any risks in connection therewith. The Index Sponsor has no obligation to take the needs of any party into consideration in determining, composing or calculating the Indexes. No party purchasing or selling Cboe® iBoxx® iShares® $ High Yield Corporate Bond Index Futures or Cboe® iBoxx® iShares® $ Investment Grade Corporate Bond Index Futures, nor the Index Sponsor, shall have any liability to any party for any act or failure to act by the Index Sponsor in connection with the determination, adjustment, calculation or maintenance of the Indexes.

iBoxx® is a service mark of IHS Markit Limited.

The iBoxx® iShares® $ High Yield Corporate Bond Index and the iBoxx® iShares® $ Investment Grade Corporate Bond Index (the "Indexes") and futures contracts on the Indexes ("Contracts") are not sponsored by, or sold by BlackRock, Inc. or any of its affiliates (collectively, "BlackRock"). BlackRock makes no representation or warranty, express or implied to any person regarding the advisability of investing in securities, generally, or in the Contracts in particular. Nor does BlackRock make any representation or warranty as to the ability of the Indexes to track the performance of the fixed income securities market, generally, or the performance of HYG, LQD or any subset of fixed income securities.

BlackRock has not calculated, composed or determined the constituents or weightings of the fixed income securities that comprise the Indexes ("Underlying Data"). BlackRock is not responsible for and has not participated in the determination of the prices and amounts of the Contracts, or the timing of the issuance or sale of such Contracts or in the determination or calculation of the equation by which the Contracts are to be converted into cash (if applicable). BlackRock has no obligation or liability in connection with the administration or trading of the Contracts. BlackRock does not guarantee the accuracy or the completeness of the Underlying Data and any data included therein and BlackRock shall have no liability for any errors, omissions or interruptions related thereto.

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iShares® is a registered trade mark of BlackRock Fund Advisors and its affiliates.