



May 22, 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-2020-013

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”) under the Act, Cboe Futures Exchange, LLC (“CFE” or “Exchange”) hereby submits a CFE rule amendment (“Amendment”) to delete the CFE rule chapter for Cboe/CBOT 10-Year U.S. Treasury Note Volatility Index (“VXTY”) futures. The Amendment will become effective on June 8, 2020.

Chapter 14 of the CFE Rulebook sets forth contract specification rules for VXTY futures. CFE ceased listing any VXTY futures for trading on April 3, 2020. Because CFE no longer lists any VXTY futures for trading and does not intend to do so in the future, CFE is deleting the provisions of Chapter 14 from the CFE Rulebook.

CFE believes that the Amendment is consistent with Designated Contract Market Core Principle 7 (Availability of General Information) under Section 5 of the Act because it will remove rules that relate to a product that is no longer available for trading on CFE and that CFE has no intention to re-list in the future.

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 it has posted a notice of pending certification with the Commission and a copy of this submission on CFE’s Web site (http://markets.cboe.com/us/futures/regulation/rule_filings/cfe/) concurrent with the filing of this submission with the Commission.

The Amendment as to CFE’s Rulebook is marked to show additions in double underlined text and deletions in ~~stricken~~ text. The Amendment consists of the following:

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CBOE Futures Exchange, LLC Rules

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CHAPTER 14
RESERVED

**CBOE/CBOT 10-YEAR U.S. TREASURY NOTE VOLATILITY INDEX FUTURES
CONTRACT SPECIFICATIONS**

1401.— Scope of Chapter

~~This chapter applies to trading in futures on the Cboe/CBOT 10-Year U.S. Treasury Note Volatility Index (Futures Symbol: VXTY / Cash Index Ticker: TYVIX). 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 VXTY futures contract was first listed for trading on the Exchange on November 13, 2014.~~

1402.— Contract Specifications

~~(a) — *Multiplier.* The contract multiplier for each VXTY futures contract is \$1,000. For example, a contract size of one VXTY futures contract would be \$14,000, if the TYVIX index level were 14 (14 x \$1,000.00).~~

~~(b) — *Schedule.* The Exchange may list for trading up to twelve contract months for the VXTY futures contract. The final settlement date for a VXTY futures contract is on the Wednesday that is thirty days prior to the Friday of the calendar month immediately following the month in which the VXTY contract expires and which Friday precedes the last business day of the calendar month by at least two business days (“Final Settlement Date”). If the Wednesday is a Chicago Board of Trade (“CBOT”) holiday or if the Friday described above is a CBOT holiday, then the Final Settlement Date shall be the business day immediately preceding the Wednesday.~~

~~The trading days for VXTY futures are any Business Days the Exchange is open for trading.~~

~~The trading hours for VXTY futures contracts are from 7:00 a.m. to 3:15 p.m. Chicago time, except that on the Final Settlement Date the trading hours for the expiring VXTY future will terminate at 2:00 p.m. Chicago time. Non-expiring VXTY futures will continue to trade until 3:15 p.m. Chicago time on that date.~~

~~(c) — *Minimum Increments.* The minimum fluctuation of the VXTY futures contract is 0.01 index points for single and multiple leg trades and net prices of spread trades, which has a value of \$10.00.~~

~~(d) — *Position Limits.* VXTY futures are subject to position limits under Rule 412.~~

~~A person: (i) may not own or control more than 5,000 contracts net long or net short in all VXTY futures contract expirations combined; and (ii) may not own or~~

~~control more than 5,000 contracts net long or net short in the expiring VXTY futures contract held during the last 5 trading days for the expiring VXTY futures contract.~~

~~For the purposes of this Rule, positions shall be aggregated in accordance with Rule 412(e).~~

~~The foregoing position limit shall not apply to positions that are subject to a position limit exemption meeting the requirements of Commission Regulations and CFE Rules.~~

~~(e) — Termination of Trading. Trading hours for expiring VXTY futures contracts end at 2:00 p.m. Chicago time on the Final Settlement Date.~~

~~(f) — Contract Modifications. Specifications are fixed as of the first day of trading of a contract. If any U.S. government agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subject to such government orders.~~

~~(g) — Execution Priorities. Pursuant to Rule 406(a)(i), the base allocation method of price time priority shall apply to trading in VXTY futures.~~

~~(h) — Crossing Two Original Orders. The eligible size for an original Order that may be entered for a cross trade with one or more other original Orders pursuant to Rule 407 is one Contract. The Trading Privilege Holder or Authorized Trader, as applicable, must expose to the market for at least five seconds under Rule 407(a) at least one of the original Orders that it intends to cross.~~

~~(i) — Price Limits and Circuit Breaker Halts. Pursuant to Rule 413, VXTY futures contracts are not subject to price limits.~~

~~VXTY futures contracts shall not be subject to the circuit breaker trading halt provisions of Rule 417A.~~

~~(j) — 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 VXTY futures contracts. Any Exchange of Contract for Related Position transaction must satisfy the requirements of Rule 414.~~

~~The minimum price increment for an Exchange of Contract for Related Position transaction involving the VXTY futures contract is 0.01 index points.~~

~~(k) — Block Trades. Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for the VXTY futures contract is 100 contracts if there is only one leg involved in the trade. If the Block Trade is executed as a transaction with legs in multiple expirations and all legs of the Block Trade are exclusively for the purchase or exclusively for the sale of VXTY futures contracts (a “strip”), the minimum Block Trade quantity for the strip is 150 contracts and each leg of the~~

~~strip is required to have a minimum size of 50 contracts. If the Block Trade is executed as a spread transaction that is not a strip, one leg of the spread is required to have a minimum size of 100 contracts and the other leg(s) of the spread are each required to have a minimum size of 50 contracts.~~

~~The minimum price increment for a Block Trade in the VXTY futures contract is 0.01 index points.~~

~~(l) — *No Bust Range.* Pursuant to Rule 416, the CFE error trade policy may only be invoked for a trade price that is greater than 10% on either side of the market price of the applicable VXTY futures contract. In accordance with Policy and Procedure III, the Trade Desk will determine what the true market price for the relevant Contract was immediately before the potential error trade occurred. In making that determination, the Trade Desk may consider all relevant factors, including the last trade price for such Contract, a better bid or offer price, a more recent price in a different expiration and the prices of related contracts trading in other markets.~~

~~(m) — *Pre-execution Discussions.* The Order Exposure Period under Policy and Procedure IV before an Order may be entered to take the other side of another Order with respect to which there has been pre-execution discussions is five seconds after the first Order was entered into the CFE System.~~

~~(n) — *Reportable Position and Trading Volume.*~~

~~(i) — *Reportable Position.* Pursuant to Commission Regulation §15.03 and Commission Regulation Part 17, the position level that is required to be reported to the Commission is any open position in VXTY futures contracts at the close of trading on any trading day equal to or in excess of 200 contracts on either side of the market.~~

~~(ii) — *Reportable Trading Volume.* Pursuant to Commission Regulation §15.04 and Commission Regulation Part 17, the reportable trading volume that triggers the requirement to report a volume threshold account to the Commission is 50 or more VXTY futures contracts during a single trading day or such other reportable trading volume threshold as may be designated by the Commission.~~

~~(o) — *Threshold Widths.* For purposes of Rule 513A(e) and Rule 513A(f), 10% is the percentage used to determine the percentage of the mid-point between the highest bid and lowest offer in a VXTY futures Contract for purposes of calculating the Threshold Width in that VXTY futures Contract.~~

~~(a) — *Daily Settlement Price.* The daily settlement price for a VXTY futures Contract is calculated in the following manner for each Business Day:~~

~~(i) — 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 there is no two-sided market in the 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, 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.~~

~~(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.~~

~~(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)(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.~~

~~(b) Trade at Settlement Transactions. Trade at Settlement (“TAS”) transactions are not permitted in VXTY futures.~~

~~(f) Price Reasonability Checks. The Limit Order price reasonability percentage parameters designated by the Exchange for VXTY futures pursuant to Rule 513A(d) and the Market Order price reasonability percentage parameters designated by the Exchange for VXTY futures pursuant to Rule 513A(e) shall each be 10%.~~

~~1403. Settlement~~

~~Settlement of VXTY futures contracts will result in the delivery of a cash settlement amount on the business day immediately following the settlement date. The cash settlement amount on the final settlement date shall be the final mark-to-market amount against the final settlement price of the VXTY futures contract multiplied by \$1,000.00. The final settlement price of the VXTY futures contract will be rounded to the nearest \$0.01.~~

~~Clearing Members holding open positions in VXTY futures contracts at the termination of trading in that Contract shall make payment to or receive payment from the Clearing Corporation in accordance with normal variation and performance bond procedures based on the final settlement amount.~~

~~If the settlement value is not available or the normal settlement procedure cannot be utilized due to a trading disruption or other unusual circumstance, the settlement value will be determined in accordance with the Rules and By Laws of The Options Clearing Corporation.~~

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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-2020-013 in any related correspondence.

Cboe Futures Exchange, LLC

[/s/ Matthew McFarland](#)

By: Matthew McFarland
Managing Director