



September 14, 2018

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 Product and Rule Certification for
Cboe[®] iBoxx[®] iShares[®] \$ Investment Grade Corporate Bond Index Futures
Submission Number CFE-2018-020

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and §40.2 and §40.6 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 terms and conditions for Cboe[®] iBoxx[®] iShares[®] \$ Investment Grade Corporate Bond Index futures (“IBIG futures” or “Product”) to be traded on CFE and accompanying rule amendments to incorporate the Product into CFE’s rules (“Amendment”). The Amendment consists of revisions to Chapter 15 of CFE’s Rulebook regarding Cboe[®] iBoxx[®] iShares[®] Bond Index futures and of an update to Policy and Procedure XIX of the Policies and Procedures Section of the CFE Rulebook. An updated summary Product specifications chart for Cboe[®] iBoxx[®] iShares[®] Bond Index futures that includes summary Product specifications for IBIG futures is also attached. The terms and conditions for IBIG futures and the Amendment will become effective on September 28, 2018 (“Effective Date”). IBIG futures will be listed for trading on CFE and the Amendment will be implemented on or after the Effective Date on a date to be announced by the Exchange through the issuance of an Exchange notice.

IBIG futures are cash-settled futures on the iBoxx[®] iShares[®] \$ Investment Grade Corporate Bond Index (“IBXXIBIG Index”).

CFE currently offers trading in Cboe[®] iBoxx[®] iShares[®] \$ High Yield Corporate Bond Index (“IBHY”) futures. Chapter 15 of CFE’s Rulebook (entitled Cboe[®] iBoxx[®] iShares[®] Bond Index Futures) sets forth the contract specification rules for futures on iBoxx[®] iShares[®] Bond Indexes (“Corporate Bond Indexes” or “CB Indexes”). IBHY futures are the only futures on a CB Index currently listed for trading on CFE and are the only CB Index futures currently governed by this rule chapter. The Amendment revises Chapter 15 of CFE’s Rulebook to also incorporate IBIG futures as an additional type of CB Index future governed by Chapter 15. Similarly, the attached Product specifications chart already addresses IBHY futures and reflects revisions in order to incorporate IBIG futures into those Product specifications. All of the futures on a particular CB Index are treated as a separate product. Accordingly, although IBHY futures and IBIG futures will be governed by the same provisions within the same rule chapter, they will each be treated as separate products under that rule chapter.

The IBXXIBIG Index provides a measure of the U.S. dollar denominated, investment

grade corporate bond market. The IBXXIBIG Index is designed to reflect the performance of U.S. dollar denominated, investment grade corporate debt, offering broad coverage of the U.S. dollar denominated, investment grade liquid bond universe. The bonds included in the IBXXIBIG Index have an aggregate outstanding notional amount in excess of \$2,755 trillion. As of August 31, 2018, the IBXXIBIG Index included 1,936 constituents. Markit Indices Limited (“Markit”) owns, compiles, and publishes the IBXXIBIG Index. Markit is a leading provider of independent data, portfolio valuations, and over-the-counter derivatives trade processing to the financial markets.

The IBXXIBIG Index composition is rebalanced once a month on the last business day of the month. The IBXXIBIG Index is rebalanced by comparing the bonds included in the Markit iBoxx[®] USD Benchmark Index (“Benchmark Index”) and the bonds included in the portfolio of the iShares[®] iBoxx[®] \$ Investment Grade Corporate Bond ETF (“LQD ETF”). The bonds included in the IBXXIBIG Index on the first business day of the month will generally match the bonds that are in common in both the Benchmark Index and the portfolio holdings of the LQD ETF as of the last business day of the prior month. Among the types of debt securities that may be included in the IBXXIBIG Index are fixed coupon bonds, callable bonds, puttable bonds, step-up bonds, amortizing bonds or sinking funds, and secured bonds. Convertible bonds and bonds with other equity features are among the instrument bond types that are excluded from the IBXXIBIG Index.

The bonds included in the IBXXIBIG Index and the LQD ETF portfolio can differ if the LQD ETF holds bonds not included in the Benchmark Index. The bonds included in the IBXXIBIG Index and the LQD ETF portfolio also can differ during a month after the first business day of the month if the LQD ETF portfolio changes during the month and can differ on the first business day of the month if the LQD ETF portfolio were to change on the first business day of the month. For example, if a bond in the LQD ETF portfolio is redeemed during a month, the LQD ETF may replace that bond in its portfolio with a different bond during the month whereas the IBXXIBIG Index constituents are only adjusted once a month based on the LQD ETF portfolio constituents that are in common with constituents in the Benchmark Index on the last business day of the month.

Markit values each of the constituents of the IBXXIBIG Index using a multi-sourced pricing methodology that takes into account transaction data and other data inputs. The weight of a given bond in the IBXXIBIG Index is the market value of the bond divided by the overall market value of the IBXXIBIG Index. The IBXXIBIG Index is calculated as end-of-day and distributed once daily. The IBXXIBIG Index is calculated every weekday except on common U.S. bank holidays.

The Benchmark Index represents the performance of a broad coverage of the U.S. dollar denominated, investment grade bond universe. Markit owns, compiles, and publishes the Benchmark Index. There is no limit to the number of issues in the Benchmark Index. As of August 31, 2018, the Benchmark Index included 6,941 constituents. The bonds eligible for inclusion in the Benchmark Index include U.S. dollar-denominated, bonds that: (i) have a Markit iBoxx Rating of investment grade; (ii) have at least \$500 million of outstanding face value; (v) have at least one year to maturity on the rebalancing date; and (vi) have at least 18 months to maturity for new index insertions. (Markit iBoxx Ratings incorporate ratings from Fitch Ratings, Inc. (“Fitch”), Moody’s Investors Service (“Moody’s”), or S&P Global Ratings. Investment grade bonds include bonds rated BBB- or higher by S&P Global Ratings and Fitch and bonds rated Baa3 or higher by Moody’s. If more than one agency provides a rating, the average rating is attached to the bond.)

The LQD ETF seeks to track the investment results of the Markit iBoxx[®] USD Liquid Investment Grade Index (“IBOXIG Index”), which is a rules-based index consisting of liquid, U.S. dollar-denominated, investment grade corporate bonds. Like the IBXXIBIG Index and the Benchmark Index, Markit owns, compiles, and publishes the IBOXIG Index. The IBOXIG Index is designed to provide a broad representation of the U.S. dollar-denominated, liquid investment grade corporate bond market. The IBOXIG Index is a market-value weighted index with a cap on each issuer of 3%. There is no limit to the number of issues in the IBOXIG Index. As of August 31, 2018, the IBOXIG Index included 1,858 constituents. The bonds eligible for inclusion in the IBOXIG Index include U.S. dollar-denominated investment grade corporate bonds that: (i) are fixed coupon bonds, step-up bonds, sinking funds or amortizing bonds, medium term notes, Rule 144A offerings, callable bonds, and puttable bonds (with preferred shares, convertible bonds, and bonds with other equity features (such as options or warrants) among the instrument bond types that are excluded from the IBOXIG Index; (ii) have an average rating of investment grade (based on the same criteria that are described above with respect to the Benchmark Index); (iii) have at least three years to maturity; (iv) have at least three years and 6 months to maturity for new index insertions; (v) have at least \$750 million of outstanding face value; (vi) are from issuers with outstanding bonds denominated in U.S. dollars (excluding fixed to floater and perpetual bonds) with at least \$2 billion in outstanding face value; (vii) have clearance and settlement available through the Depository Trust Company; (viii) are either publicly registered in the United States with the Securities and Exchange Commission or are Rule 144A offerings with registration rights; and (ix) are issued by companies domiciled in countries classified as developed markets by Markit.

BlackRock Fund Advisors (“BFA”), the investment advisor to the LQD ETF, uses a representative sampling indexing strategy to manage the LQD ETF. “Representative sampling” is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of an applicable underlying index. The LQD ETF may or may not hold all of the securities in the IBOXIG Index. The LQD ETF concentrates its investments (i.e., holds 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the IBOXIG Index is concentrated. The degree to which these components represent certain industries may change over time.

The LQD ETF generally will invest at least 90% of its assets in the component securities of the IBOXIG Index and at least 95% of its assets in investment grade corporate bonds. However, the LQD ETF may at times invest up to 20% of its assets in certain futures, options, and swap contracts, cash and cash equivalents, as well as in bonds not included in the IBOXIG Index, but which BFA believes will help the LQD ETF track the IBOXIG Index and which are either (i) included in the Benchmark Index; or (ii) new issues which BFA believes are entering or about to enter the IBOXIG Index or the Benchmark Index. The LQD ETF may invest up to 5% of its assets in repurchase agreements collateralized by U.S. government obligations and in cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates. The LQD ETF seeks to track the investment results of the IBOXIG Index before fees and expenses of the LQD ETF.

Because the components of the IBXXIBIG Index are derived from the intersection of the components of the Benchmark Index and LQD ETF portfolio, CFE generally expects the IBXXIBIG Index to be highly correlated with the net asset value of the LQD ETF. However, the IBXXIBIG Index does differ from the LQD ETF in a number of ways. Among these are that:

- The IBXXIBIG Index value is determined by the value of each of the individual

components of the IBXXIBIG Index rather than by the value of a single instrument such as the trade price of the LQD ETF.

- The market value of the LQD ETF is determined by the price of the ETF shares based on supply and demand for the LQD ETF and the market's view of the value of the ETF holdings and the value of IBXXIBIG Index is determined by how Markit values each of the individual constituents within the IBXXIBIG Index.
- The bonds included in the IBXXIBIG Index can differ from the bonds included in the LQD ETF portfolio as further described above.
- The IBXXIBIG Index does not actually hold a portfolio of bonds and therefore does not incur the expenses incurred by the LQD ETF, such as transaction costs.
- The LQD ETF pays out as dividends the redemptions and coupon payments from the bonds it holds whereas the IBXXIBIG Index reinvests the cash from redemptions and coupon payments into the IBXXIBIG Index. Additionally, the cash in the IBXXIBIG Index from coupon payments and redemptions is not reinvested into the IBXXIBIG Index until month end and does not earn interest.
- The LQD ETF can hold assets that are not constituents of the IBXXIBIG Index such as certain futures, options, swap contracts, and securities not included in the IBXXIBIG Index.

Accordingly, CFE views the IBIG future to be a future on a broad-based securities index rather than a future on an ETF.

Additionally, there are circumstances in which the composition and weights of the IBXXIBIG Index will be revised to the composition and weights of the IBOXIG Index if the bond constituents of the IBXXIBIG and IBOXIG Indexes deviate in excess of certain defined limits. These limits are designed to keep the IBXXIBIG Index within certain risk parameter boundaries of the IBOXIG Index. These limits include if (i) the weight difference in each rating bucket exceeds 5%; (ii) the weight difference in each sector exceeds 5%; (iii) the average duration difference exceeds 1 year; (iv) the average yield difference exceeds 1%; (v) the number of holdings in common is less than 50%; or (vi) the bonds not part of the IBOXIG Index exceed an aggregate weighting of 5% of the IBXXIBIG Index. There may also be disruption events in which Markit may depart from the index methodology for the IBXXIBIG Index in order to obtain a result that preserves the economic intent of the IBXXIBIG Index. For example, Markit may revise the composition and weights of the IBXXIBIG Index to the composition and weights of the IBOXIG Index if the LQD ETF has experienced trading disruptions or ceased trading on the exchange of its primary listing. Additionally, Markit may revise the composition and weights of the IBXXIBIG Index to the composition and weights of the IBOXIG Index if on the last business day of the month Markit is unable to obtain information regarding the portfolio holdings of the LQD ETF needed to determine the IBXXIBIG Index composition.

The above description is intended to be a high level summary of the IBXXIBIG Index, Benchmark Index, LQD ETF, and IBOXIG Index as of the date of this filing. The following materials may be referenced for further information regarding each and the methodology for each:

- IBXXIBIG Index: iBoxx[®] iShares[®] \$ Investment Grade Corporate Bond Index Guide, as of May 2018, which may be accessed at <http://content.markitcdn.com/corporate/Company/Files/DownloadDocument?cmsId=cde3cb4c0d194d84acfa0f3ca528921f>;
- Benchmark Index: Markit iBoxx[®] USD Benchmark Index Guide, as of February 2018, which may be accessed at <http://www.markit.com/Company/Files/DownloadFiles?CMSID=94e6f2b10faa4f5ca6b3b54294ba4449>;
- LQD ETF: Prospectus for iShares[®] iBoxx[®] \$ Investment Grade Corporate Bond ETF, as of June 29, 2018 (as revised September 10, 2018), which may be accessed at <https://www.ishares.com/us/library/stream-document?stream=reg&product=ISHINTOP&shareClass=NA&documentId=925919%7E925978%7E926213%7E925660%7E925574&iFrameUrlOverride=%2Fus%2Fliterature%2Fprospectus%2Fp-ishares-iboxx-investment-grade-corporate-bond-etf-2-28.pdf>; and
- IBOXIG Index: Markit iBoxx[®] USD Liquid Investment Grade Index Guide, as of May 2017, which may be accessed at <http://www.markit.com/Company/Files/DownloadFiles?CMSID=d3b16e8a26e84f6e84560a0a4535889a>.

The IBXXIBIG Index, Benchmark Index, LQD ETF, and IBOXIG Index, the above information regarding each, and the above-referenced documents regarding each may change over time.

The following provisions within Chapter 15 of CFE's Rulebook apply to each CB Index futures product, including IBIG futures.

CFE may list up to four near-term serial months ("serial" contracts) and four months on the quarterly cycle ("quarterly" contracts) for each CB Index futures product. The final settlement date for "serial" and "quarterly" CB Index futures is generally the first business day of the calendar month denoted by the ticker symbol for the contract. The trading hours on CFE for CB Index futures are from 8:30 a.m. Chicago time to 3:15 p.m. Chicago time, except that on its final settlement date the trading hours for an expiring CB Index futures contract terminate at 2:00 p.m. Chicago time.

Trade at Settlement ("TAS") transactions are permitted in CB Index futures pursuant to CFE Rule 404A. The trading hours for TAS transactions in CB Index futures are during the trading hours for CB Index futures. TAS transactions in an expiring CB Index futures contract are not permitted during the business day of its final settlement date.

The final settlement value of an expiring CB Index future is the closing index value of the applicable CB Index on the final settlement date as determined by Markit. Accordingly, the final settlement value of an expiring IBIG future will be the closing index value as determined by Markit of the IBXXIBIG Index on the final settlement date. Like with other CFE products, CFE rules for CB Index futures provide that 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 ("OCC").

CFE believes that IBIG futures could be used by a number of different groups for commercial purposes. Among the groups that may find IBIG futures to be useful in connection with their investment and trading activities are insurance companies, pensions and endowments, Commodity Trading Advisors (“CTAs”), proprietary trading firms, and asset managers. For example: Insurance companies with large bond portfolios may find IBIG futures useful for hedging and/or asset allocation and may find IBIG futures to be less capital-intensive than trading the LQD ETF. Pensions and endowments with large bond portfolios that are not permitted by their mandate to hold equities may also find IBIG futures to be useful for hedging and/or asset allocation. CTAs and proprietary trading firms may find IBIG futures to be a vehicle for implementing trading strategies related to corporate bonds. Proprietary trading firms may also find IBIG futures to be useful for hedging exposure to the LQD ETF. Asset managers may find IBIG futures to be useful for hedging credit risk or interest rate risk of investment grade corporate bond holdings.

CFE believes that the IBXXIBIG Index qualifies as a broad-based security index composed of debt securities and that the IBXXIBIG Index satisfies the exclusion from the definition of narrow-based security index for indexes composed of debt securities pursuant to Commission Regulation 41.15.

Markit has granted a license to Cboe Exchange, Inc. (“Cboe Options”) and its affiliated exchanges, including CFE, which permits CFE to list IBIG futures for trading. CFE has undertaken a due diligence review of the legal conditions, including conditions that relate to contractual and intellectual property rights, which may materially affect the trading of the Product.

CFE certifies that the IBIG futures comply with the Act and the rules thereunder.

In connection with listing IBIG futures, CFE is also revising CFE Policy and Procedure XIX (Submission Time Frames) to change the start time for the queuing period for each business day for CFE products other than Cboe Volatility Index futures and Cboe Bitcoin (USD) futures, such as IBIG futures, from 6:00 a.m. Chicago time on that business day to 5:00 p.m. Chicago time on the previous calendar day. As is further described in Policy and Procedure XIX, the queuing period commences at a randomized time following this start time within defined parameters for non-TAS and TAS single leg contract expirations and spreads. A queuing period is a period of time designated by the Exchange that precedes the opening of trading in a contract during which CFE’s trading system accepts orders, cancel orders, and cancel replace/modify orders in that contract. Orders accepted by CFE’s trading system during a queuing period are not executable during the queuing period.

CFE believes that the Product and Amendment are consistent with Designated Contract Market (“DCM”) Core Principle 3 (Contracts Not Readily Susceptible to Manipulation) under Section 5 of the Act. In particular, the test under Commission Regulation 41.15 for the exclusion from the definition of narrow-based security index for debt security indexes includes satisfaction of requirements relating to, among other things, minimum number of constituents, maximum weighting and concentration of securities of an issuer, eligibility conditions for issuers, minimum remaining outstanding principal amount of issuers, and public availability of information about issuers. CFE believes that the IBXXIBIG Index satisfies this test and that satisfaction of this test, coupled with the large number of constituents in the IBXXIBIG Index and the significant aggregate outstanding notional amount of the bonds included in the IBXXIBIG Index, contribute to making IBIG futures not readily susceptible to manipulation. CFE also represents that, to

ensure the usefulness of the Product, CFE, among other things: (1) conducted market research so that the design of IBIG futures meets the risk management needs of prospective users and promotes price discovery and (2) consulted with market users and obtained their views and opinions during the contract design process to ensure that IBIG futures terms and conditions reflect the underlying U.S. dollar denominated, investment grade corporate bond market and that the Product will perform the intended risk management and/or price discovery functions.

CFE also believes that the Product and Amendment are consistent with Core Principles 5 (Position Limitations or Accountability), 7 (Availability of General Information), and 8 (Daily Publication of Trading Information) under Section 5 of the Act. The Exchange notes in this regard that: (i) the Amendment establishes an appropriate position limit level for IBIG futures in light of the broad-based nature of the IBXXIBIG Index, the significant aggregate outstanding notional amount of the bonds included in the IBXXIBIG Index, which is in excess of \$2,755 trillion, and that a 10,000 contract futures position would equate to approximately \$1.17 billion in notional at current value, which is a small percentage of the aggregate notional amount of the IBXXIBIG Index; (ii) the chart that summarizes the product specifications will be posted and maintained on CFE's website; and (iii) volume, open interest, settlement prices, and other price information for IBIG futures will be made available publicly on a daily basis on CFE's website consistent with Commission Regulation §16.01.

CFE believes that the impact of the Product and Amendment will be beneficial to the public and market participants. CFE is not aware of any substantive opposing views to the Product and Amendment. CFE hereby certifies that the Product and Amendment comply 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-2018-020 in any related correspondence.

Cboe Futures Exchange, LLC

[/s/ Matthew McFarland](#)

By: Matthew McFarland
Managing Director

(Additions are marked in underlined text and deletions are marked in [bracketed] text)

**Summary Product Specifications Chart
for Cboe® iBoxx® iShares® Bond Index Futures**

CONTRACT [NAME] NAMES:	Cboe® iBoxx® iShares® \$ High Yield Corporate Bond Index Futures (<u>“IBHY futures”</u>) Cboe® iBoxx® iShares® \$ Investment Grade Corporate Bond Index Futures (<u>“IBIG futures”</u>)
LISTING DATE:	<u>IBHY futures</u> : September 10, 2018 <u>IBIG futures</u> :
DESCRIPTION:	<p>The Exchange may list Cboe® iBoxx® iShares® Bond Index futures on the following bond indexes (<u>“Corporate Bond Indexes”</u> or <u>“CB Indexes”</u>):</p> <p><u>iBoxx® iShares® \$ High Yield Corporate Bond Index</u> <u>iBoxx® iShares® \$ Investment Grade Corporate Bond Index</u></p> <p>All of the futures on a particular CB Index are treated as a separate product.</p> <p>[Cboe® iBoxx® iShares® \$ High Yield Corporate Bond Index futures (<u>“IBHY futures”</u>)] <u>IBHY futures</u> are cash-settled futures on the iBoxx® iShares® \$ High Yield Corporate Bond Index (<u>“IBXXIBHY Index”</u>). The IBXXIBHY Index provides a measure of the U.S. dollar denominated, sub-investment grade corporate bond market.</p> <p><u>IBIG futures</u> are cash-settled futures on the <u>iBoxx® iShares® \$ Investment Grade Corporate Bond Index (“IBXXIBIG Index”)</u>. The <u>IBXXIBIG Index</u> provides a measure of the U.S. dollar denominated, investment grade corporate bond market.</p> <p>[The Exchange may also list futures on one or more additional iBoxx® iShares® Bond Indexes (<u>“CB Indexes”</u>). In that event, all of the futures on a particular CB Index will be treated as a separate product.]</p>
CONTRACT MULTIPLIER:	The contract multiplier for CB Index futures is \$1000.
TICKER SYMBOLS:	<p>iBoxx® iShares® \$ High Yield Corporate Bond Index Futures Symbol – IBHY Cash Index Symbol – IBXXIBHY</p> <p><u>iBoxx® iShares® \$ Investment Grade Corporate Bond Index</u> Futures Symbol – IBIG Cash Index Symbol – IBXXIBIG</p>
CONTRACT EXPIRATIONS:	The Exchange may list for trading up to four near-term serial months (<u>“serial”</u> contracts) and four months on the March quarterly cycle (<u>“quarterly”</u> contracts) for each CB Index futures product.
TRADING HOURS:	The trading hours for CB Index futures are:

	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">Monday – Friday</td> </tr> <tr> <td style="text-align: center;">8:30 a.m. to 3:15 p.m.</td> </tr> </table> <p>The trading hours for an expiring CB futures contract end at 2:00 p.m. on its final settlement date.</p> <p>Market Orders for CB Index futures will not be accepted. Any Market Orders for CB Index futures received by the Exchange will be automatically rejected or canceled back to the sender. Stop Limit Orders are permitted during trading hours for the CB Index futures.</p> <p>All times referenced are Chicago time.</p>	Monday – Friday	8:30 a.m. to 3:15 p.m.
Monday – Friday			
8:30 a.m. to 3:15 p.m.			
TRADING PLATFORM:	CFE System		
MINIMUM PRICE INTERVALS:	0.01 index points (equal to \$10.00 per contract).		
	The individual legs and net prices of spreads in CB Index futures may be in increments of 0.01 index points.		
PRICING CONVENTIONS:	Prices are stated in decimal format.		
TRADE AT SETTLEMENT TRANSACTIONS:	<p>Trade at Settlement (“TAS”) transactions are permitted in CB Index futures and may be transacted on the CFE System, as spread transactions, as Block Trades (including as spread transactions) and as Exchange of Contract for Related Position transactions. The trading hours for all types of TAS transactions in CB Index futures are during the trading hours for CB Index futures. TAS transactions in an expiring CB Index futures contract are not permitted during the Business Day of its final settlement date.</p> <p>The permissible price range for all types of TAS transactions in CB Index futures is from 0.10 index points below the daily settlement price to 0.10 index points above the daily settlement price. The permissible minimum increment for a TAS single leg transaction, a TAS spread transaction, a TAS Block Trade (including as a spread transaction) and a TAS Exchange of Contract for Related Position transaction in CB Index futures is 0.005 index points. Any TAS transaction must satisfy the requirements of CFE Rule 404A.</p> <p>All TAS orders are required to be Day Orders, Immediate or Cancel Orders, or Fill or Kill Orders. TAS Market Orders, TAS Stop Limit Orders, TAS Good-‘til-Canceled Orders, and TAS Good-‘til-Date Orders are not permitted.</p> <p>The ticker symbol for IBHY futures TAS transactions is <u>IBHYT</u> and the ticker symbol for IBIG futures TAS transactions is <u>IBIGT</u>.</p>		
CROSSING:	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 ten contracts. 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.
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.
EXCHANGE OF CONTRACT FOR RELATED POSITION TRANSACTIONS:	<p>Exchange of Contract for Related Position (“ECRP”) transactions may be entered into with respect to CB Index futures. Any ECRP transaction must satisfy the requirements of CFE Rule 414.</p> <p>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).</p> <p><u>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).</u></p> <p>The minimum price increment for an ECRP transaction involving CB Index futures is 0.005 index points.</p>
BLOCK TRADES:	<p>The minimum Block Trade quantity for CB Index futures is 50 contracts if there is only one leg involved in the trade. If the Block Trade is executed as a transaction with legs in multiple contract expirations, each leg must meet the minimum Block Trade quantity for CB Index futures. Any Block Trade must satisfy the requirements of CFE Rule 415.</p> <p>The minimum price increment for a Block Trade in CB Index futures is 0.005 index points.</p>
NO-BUST RANGE:	The CFE error trade policy may only be invoked for a trade price that is greater than .25% on either side of the market price of the applicable CB Index 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 contract expiration and the prices of related contracts trading on the Exchange or other markets.
TERMINATION OF TRADING:	Trading hours for an expiring CB Index future ends at 2:00 p.m. Chicago time on its final settlement date.

FINAL SETTLEMENT DATE:	<p>The final settlement date for [an] a CB Index future is the first business day of the calendar month denoted by the ticker symbol for the contract.</p> <p>If the final settlement date is a CFE holiday, the final settlement date shall be the business day immediately following the holiday.</p>
FINAL SETTLEMENT VALUE:	<p>The final settlement value of an expiring CB Index future shall be the closing index value of the applicable CB Index on the final settlement date as determined by Markit Indices Limited.</p> <p>If the final settlement value is not available or the normal settlement procedure cannot be utilized due to a trading disruption or other unusual circumstance, the final settlement value will be determined in accordance with the Rules and Bylaws of The Options Clearing Corporation.</p> <p>The final settlement value will be rounded to the nearest \$0.01.</p>
DELIVERY:	<p>Settlement of CB Index futures will result in the delivery of a cash settlement amount on the business day immediately following the final settlement date. The cash settlement amount on the final settlement date shall be the final mark to market amount against the final settlement value of the CB Index future multiplied by \$1000.</p>
POSITION LIMITS:	<p>CB Index futures are subject to position limits under Rule 412.</p> <p>A person may not own or control more than 10,000 contracts net long or net short in all expirations combined for each CB Index futures product.</p> <p>For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding shall be cumulated.</p> <p>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.</p>
REPORTABLE POSITION LEVEL:	<p>200 contracts for each CB Index futures product.</p>
MARKIT DISCLAIMERS AND TRADEMARKS	<p>The iBoxx[®] iShares[®] \$ High Yield Corporate Bond Index <u>and the iBoxx[®] iShares[®] \$ Investment Grade Corporate Bond Index</u> (the [“Index”] “Indexes”) referenced herein [is] <u>are</u> the property of Markit Indices Limited (“Index Sponsor”) and [has] <u>have</u> been licensed for use in connection with Cboe[®] iBoxx[®] iShares[®] \$ High Yield Corporate Bond Index Futures <u>and Cboe[®] iBoxx[®] iShares[®] \$ Investment Grade Corporate Bond Index Futures</u>. Each party to a Cboe[®] iBoxx[®] iShares[®] \$ High</p>

	<p><u>Yield Corporate Bond Index Futures or Cboe® iBoxx® iShares® \$ Investment Grade Corporate Bond Index Futures</u> 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 [Index] <u>Indexes</u> 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 [Index] <u>Indexes</u> or any data included therein, the results obtained from the use of the [Index] <u>Indexes</u> and/or the composition of the [Index] <u>Indexes</u> 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 [Index] <u>Indexes</u> 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 [Index] <u>Indexes</u>, and the Index Sponsor is under no obligation to advise the parties or any person of any error therein.</p> <p>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 <u>and Cboe® iBoxx® iShares® \$ Investment Grade Corporate Bond Index Futures</u>, the ability of the [Index] <u>Indexes</u> to track relevant markets' performances, or otherwise relating to the [Index] <u>Indexes</u> 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 [Index] <u>Indexes</u>. No party purchasing or selling Cboe® iBoxx® iShares® \$ High Yield Corporate Bond Index Futures <u>or Cboe® iBoxx® iShares® \$ Investment Grade Corporate Bond Index Futures</u>, 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 [Index] <u>Indexes</u>.</p> <p>iBoxx® is a service mark of IHS Markit Limited.</p>
<p>BLACKROCK DISCLAIMERS AND TRADEMARKS</p>	<p>The iBoxx® iShares® \$ High Yield Corporate Bond Index <u>and the iBoxx® iShares® \$ Investment Grade Corporate Bond Index</u> (the ["Index"] "<u>Indexes</u>") and futures contracts on the [Index] <u>Indexes</u> ("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</p>

	<p>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 Index to track the performance of the fixed income securities market, generally, or the performance of HYG, <u>LQD</u> or any subset of fixed income securities.</p> <p>BlackRock has not calculated, composed or determined the constituents or weightings of the fixed income securities that comprise the [Index] <u>Indexes</u> (“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.</p> <p>BlackRock makes no warranty, express or implied, as to results to be obtained by Markit or its affiliates, the parties to the Contracts or any other person with respect to the use of the Underlying Data or any data included therein. BlackRock makes no express or implied warranties and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Underlying Data or any data included therein. Without limiting any of the foregoing, in no event shall BlackRock have any liability for any special, punitive, direct, indirect or consequential damages (including lost profits) resulting from the use of the Underlying Data or any data included therein, even if notified of the possibility of such damages.</p> <p>iShares® is a registered trade mark of BlackRock Fund Advisors and its affiliates.</p>
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CFE Rulebook Chapter for Cboe iBoxx iShares Bond Index Futures

(Additions are marked in underlined text and deletions are marked in [bracketed] text)

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CHAPTER 15 CBOE® iBOXX® iSHARES® BOND INDEX FUTURES CONTRACT SPECIFICATIONS

1501. Scope of Chapter

This chapter applies to trading in Cboe® iBoxx® iShares® 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 [the following Cboe® iBoxx® iShares® Bond Index] Cboe® iBoxx® iShares® Bond Index futures for trading on the Exchange on the following bond indexes (“Corporate Bond Indexes” or “CB Indexes”):

Cboe® iBoxx® iShares® \$ High Yield Corporate Bond Index [Futures]
 (“IBHY futures”)
Cboe® iBoxx® iShares® \$ Investment Grade Corporate Bond Index
 (“IBIG futures”)

[In the event that the Exchange lists futures on one or more additional iBoxx® iShares® Bond Indexes (“CB Indexes”), all] All of the futures on a particular CB Index [will be] are treated as a separate product.

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

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

1502. Contract Specifications

(a) *Multiplier.* The contract multiplier for each CB Index future is \$1,000. For example, a contract size of one CB Index futures contract would be \$125,310 if the respective CB Index level was 125.31 (125.31 x \$1,000.00).

(b) *Schedule and Prohibited Order Types.* The Exchange may list for trading up to four near-term serial months and four months on the March quarterly cycle for each CB Index futures product. The final settlement date for an CB Index future is the first business day of the calendar month denoted by the ticker symbol for the Contract. If the final settlement date is a CFE holiday, the final settlement date shall be the business day immediately following the holiday.

The trading days for CB Index futures are any Business Day the Exchange is open for trading.

The trading hours for CB Index futures are from 8:30 a.m. to 3:15 p.m. Chicago time, except that the trading hours for an expiring CB Index future end at 2:00 p.m. Chicago time on its final settlement date. Non-expiring CB Index futures continue to trade until 3:15 p.m. Chicago time on that date.

Market Orders for CB Index futures will not be accepted by the Exchange for CB Index futures. Any Market Orders for CB Index futures received by the Exchange will be automatically rejected or canceled back to the sender.

(c) *Minimum Increments.* The minimum fluctuation of CB Index futures is 0.01 index points, which has a value of \$10.00 per contract.

The individual legs and net prices of spread trades in CB Index futures may be in increments of 0.01 index points, which has a value of \$10.00 per contract.

(d) *Position Limits.* CB Index futures are subject to position limits under Rule 412.

A person may not own or control more than 10,000 contracts net long or net short in all expirations combined for each CB Index futures product.

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding shall be cumulated.

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 an expiring CB Index future end at 2:00 p.m. Chicago time on its 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 CB Index 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 ten Contracts. 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 Halts.*

(i) *Price Limits.* Pursuant to Rule 413, CB Index futures are not subject to price limits.

(ii) *Circuit Breaker Halts.* Trading in CB Index futures shall be halted pursuant to Rule 417A if there is a Level 1, 2 or 3 Market Decline.

(iii) *Halts in Other Markets.* CFE shall halt trading in an CB futures product during any regulatory halt by the primary listing market in the exchange-traded fund with holdings that are used in determining the constituents of the CB Index underlying that CB Index futures product. The Exchange shall commence a trading halt in an CB Index futures product pursuant to this Rule 1502(i)(iii) as soon as practicable following the initiation of the regulatory halt by the primary listing market in the applicable exchange-traded fund, and there may be time between the initiation of the regulatory halt and the commencement of the trading halt in the CB Index futures product.

(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 CB Index futures. 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) *Block Trades.* Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for CB Index futures is 50 contracts if there is only one leg involved in the trade. If the Block Trade is executed as a transaction with legs in multiple contract expirations, each leg must meet the minimum Block Trade quantity for CB Index futures. Any Block Trade must satisfy the requirements of Rule 415.

The minimum price increment for a Block Trade in CB Index futures is 0.005 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 .25% on either side of the market price of the applicable CB Index 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 contract month 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 an CB Index futures Contract 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 contracts in an CB Index futures product 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 each CB Index future for purposes of calculating the Threshold Width in that CB Index future.

(p) *Daily Settlement Price.* The daily settlement price for an CB Index futures Contract will be 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 last best offer.

(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) If there is no two-sided market in the CB Index futures Contract during the applicable Business Day prior to the close of trading hours on that Business Day with both a bid and an offer that do not have a value of zero, the daily settlement price for the CB Index futures Contract will be the daily settlement price of the futures Contract on the same CB Index 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 an CB Index futures Contract with an earlier expiration date and an 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) 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) The Exchange may in its sole discretion establish a daily settlement price for an 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) 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) *Trade at Settlement Transactions.* Trade at Settlement (“TAS”) transactions pursuant to Rule 404A are permitted in CB Index futures and may be transacted on the CFE System, as spread transactions, as Block Trades (including as spread transactions) and as Exchange of Contract for Related Position transactions. The trading hours for all types of TAS transactions in CB Index futures are during the trading hours for CB Index futures. TAS transactions in an expiring CB Index futures contract are not permitted during the Business Day of its final settlement date.

The permissible price range for all types of TAS transactions in CB Index futures is from 0.10 index points below the daily settlement price to 0.10 index points above the daily settlement price. The permissible minimum increment for a TAS single leg transaction, a TAS spread transaction, a TAS Block Trade (including as a spread transaction) and a TAS Exchange of Contract for Related Position transaction in CB Index futures is 0.005 index points.

(r) *Price Reasonability Checks.* The Limit Order price reasonability percentage parameters designated by the Exchange for CB Index futures pursuant to Rule 513A(d) shall be 1%.

1503. Settlement

Settlement of CB Index futures 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 CB Index future multiplied by \$1,000.00. The final settlement price of the CB Index future will be rounded to the nearest \$0.01.

Clearing Members holding open positions in CB Index futures 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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**Cboe Futures Exchange, LLC
Policies and Procedures Section of Rulebook**

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XIX. Submission Time Frames

All times referenced in this Policy and Procedure are Chicago time.

A. No change

B. Submission Time Frames for All Exchange Contracts Other Than VX and XBT Futures

The queuing period for non-TAS single leg Contract expirations and non-TAS spreads in Exchange Contracts other than VX and XBT futures commences [on] for each [weekday] Business Day at [6:00 a.m.] 5:00 p.m. on the previous calendar day plus a randomized time period from zero to three seconds. The queuing period for any TAS single leg Contract expirations and TAS spreads in Exchange Contracts other than VX and XBT futures commences [on] for each [weekday] Business Day at [6:00 a.m.] 5:00 p.m. on the previous calendar day plus a randomized time period from three to six seconds.

The CFE System accepts Orders (including Cancel Orders and Cancel Replace/Modify Orders) for Exchange Contracts other than VX and XBT futures during the queuing period (except for Market Orders, Immediate or Cancel Orders and Fill or Kill Orders). Orders permitted to be submitted to the CFE System during the queuing period are not executable until trading hours next commence.

The trading hours for Exchange Contracts other than VX and XBT futures are set forth in the rules governing the applicable Contract. The CFE System accepts Orders (including Cancel Orders and Cancel Replace/Modify Orders) for Exchange Contracts other than VX and XBT futures during the respective trading hours for these Contracts (except to the extent set forth in the rules governing the applicable Contract).

C. – F. No change

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