September 12, 2024

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-2024-019

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended ("Act"), and Regulation 40.6(a) 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 update the no bust ranges for certain CFE products and to revise the notification provisions relating to potential error trades under CFE's error trade policy. Exhibit 1 to this submission sets forth the rule changes included in the Amendment. The Amendment will become effective on or after September 26, 2024, on a date to be announced by the Exchange through the issuance of an Exchange notice.

Updates to No Bust Ranges

CFE Rule 1502(l) (No Bust Range) includes a no bust range for Cboe® iBoxx® iShares® $ High Yield Corporate Bond Index Futures and Cboe® iBoxx® iShares® $ Investment Grade Corporate Bond Index Futures (collectively, "CB Index Futures"). Similarly, CFE Rule 2402(n) (No Bust Range) includes a no bust range for Options on Cboe® iBoxx® iShares® $ High Yield Corporate Bond Index Futures and Options on Cboe® iBoxx® iShares® $ Investment Grade Corporate Bond Index Futures (collectively, "CB Options"). The Amendment updates the no bust ranges for CB Index Futures and CB Options.[1]

CFE Rule 1502(l) currently provides that the CFE error trade policy may only be invoked for a trade price in CB Index Futures that is greater than .25% on either side of the market price of the applicable CB Index Futures contract. CFE is increasing this percentage to 2% so that the CFE error trade policy may only be invoked for a trade price in CB Index Futures that is greater than 2% on either side of the market price of the applicable CB Index Futures contract.

CFE Rule 2402(n) currently provides that the CFE error trade policy may only be invoked for

[1] See Exhibit 2 for disclaimers and trademarks with respect to CB Index Futures and CB Options relating to and of S&P Dow Jones Indices LLC and BlackRock Fund Advisors.

a trade price in CB Options that is higher or lower than the true market price of the applicable CB Options contract by an amount that is larger than the greater of the following three amounts: (i) the delta value of the CB Options contract at the relevant time as determined by the Exchange multiplied by the no-bust range for the CB Index Futures contract which underlies the CB Options contract; (ii) 20% of the true market price of the CB Options contract up to 25% of the no-bust range for the CB Index Futures contract which underlies the CB Options contract; and (iii) 2 minimum price increments for the CB Options contract. CFE is increasing the third amount from 2 minimum price increments for the CB Options contract to 10 minimum price increments for the CB Options contract. Other than that change, the above provisions remain the same.

CFE established the current no bust ranges for CB Index Futures and CB Options in the initial product and rule certifications for those products before those products began trading on CFE and before CFE was able to observe the actual market dynamics in those products. CFE believes that the revised no bust ranges for those products are better calibrated to these market dynamics and the typical market widths in those products.

Notification of Potential Error Trades

CFE's error trade policy is codified in Policy and Procedure III (Resolution of Error Trades) ("P&P III") of the Policies and Procedures Section of the CFE Rulebook. The Amendment revises the provisions of P&P III relating to notification to CFE's Trade Desk ("Trade Desk") of potential error trades.

Part A of P&P III currently provides that a CFE Trading Privilege Holder ("TPH") must, in a form and manner prescribed by the Exchange, do both of the following in order to invoke the error trade policy for a potential error trade:

(i) notify the Trade Desk of the potential error trade by telephone as soon as possible and in no event later than eight minutes following the execution time of the potential error trade; and

(ii) electronically submit to the Trade Desk a written notification regarding the potential error trade, with the information required to be included in the notification as designated by the Exchange, within twenty minutes following the execution time of the potential error trade.

CFE is revising Part A of P&P III to provide that a TPH may also invoke the error trade policy for a potential error trade by electronically submitting to the Trade Desk a written notification regarding the potential error trade, with the information required to be included in the notification as designated by the Exchange, within eight minutes following the execution time of the potential error trade.

Under the Amendment, a TPH may either comply with the existing two step notification process or the new one step notification process in order to invoke the error trade policy for a potential error trade. A TPH must fully satisfy all of the requirements under either the two step notification process or under the one step notification process with respect to a potential error trade in order to initiate a review of the trade under the error trade policy. If a TPH does not satisfy these requirements with respect to a potential error trade, the trade will stand, except as provided in Part B of P&P III. Part B applies if an error trade cannot be busted or adjusted under Part A because it was not brought to the Trade Desk's attention within the applicable time frame(s) and manner required under Part A.

The Amendment also removes the requirement under the first step of the two step notification process that telephone notice to the Trade Desk of a potential error trade be provided as soon as possible. Instead, this telephone notice must be provided no later than eight minutes following the execution time of the potential error trade as is also currently reflected in the first step of the two step notification process.

The Exchange believes that providing TPHs with an option to use the one step notification process is administratively more efficient for both the Exchange and any TPH that chooses to utilize the one step notification process. This is the case because the provision of written notification to the Trade Desk regarding a potential error trade within eight minutes following the execution time of the trade serves the purposes of both steps of the two step notification process (which are to inform the Trade Desk of the potential error trade and to provide written details to the Trade Desk regarding the potential error trade).

The Exchange believes that removing the requirement from the two step notification process to provide telephone notice to the Trade Desk of a potential error trade as soon as possible also improves the administration of the error trade policy since that standard can be difficult to quantify and the Exchange believes that an eight minute time frame to provide this telephone notice to the Trade Desk is a more objective standard.

Statutory Basis

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 4 (Prevention of Market Disruption) in that the error trade provisions provided for in the Amendment are intended to reduce the potential risk of price distortions and market disruptions;

(ii) DCM Core Principle 7 (Availability of General Information) because the Amendment describes in CFE's rules the no bust ranges for CB Index Futures and CB Options and the notification requirements relating to potential error trades; and

(iii) DCM Core Principle 9 (Execution of Transactions) in that CFE's error trade provisions enhance the ability of CFE to facilitate price discovery and an efficient, fair, and orderly market by seeking to balance the adverse effects on market integrity of executing trades and publishing trade information inconsistent with prevailing market conditions while preserving legitimate expectations of trade certainty by market participants.

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 website (http://www.cboe.com/us/futures/regulation/rule_filings/cfe/) concurrent with the filing of this submission with the Commission.

Contact Information

Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 and Shane Wilkerson at (484) 798-9350. Please reference our submission number CFE-2024-019 in any related correspondence.

Cboe Futures Exchange, LLC

/s/ Laura Fuson

By: Laura Fuson
Managing Director

EXHIBIT 1

The Amendment, marked to show additions in underlined text and deletions in ~~stricken~~ text, consists of the following:

Cboe Futures Exchange, LLC Rulebook

* * * * *

1502. Contract Specifications

(a) - (k) No changes.

(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%~~ 2% 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) - (r) No changes.

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2402. Contract Specifications

(a) - (m) No changes.

(n) *No-Bust Range*. Pursuant to Rule 416, the CFE error trade policy may only be invoked for a trade price that is higher or lower than the true market price of the applicable CB Options Contract by an amount that is larger than the greater of the following three amounts:

(i) the delta value of the CB Options Contract at the relevant time as determined by the Exchange multiplied by the no-bust range for the CB Index Futures Contract which underlies the CB Options Contract;

(ii) 20% of the true market price of the CB Options Contract up to 25% of the no-bust range for the CB Index Futures Contract which underlies the CB Options Contract; and

(iii) ~~2~~ 10 minimum price increments for the CB Options Contract.

In accordance with Policy and Procedure III, the Trade Desk will determine what the true market price for the CB Options 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 series, the prices of related contracts trading in other markets and the theoretical value of the CB Options Contract as determined by the Exchange.

(o) - (u) No changes.

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Cboe Futures Exchange, LLC
Policies and Procedures Section of Rulebook

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III. Resolution of Error Trades (Rule 416)

A. *General Policy*

1. *Invoking Error Trade Policy*

In order to invoke the error trade policy for a potential error trade, a Trading Privilege Holder must, in a form and manner prescribed by the Exchange, ~~do both of the following:~~ provide notification to the Exchange in accordance with either the two step notification process described below or the one step notification process described below.

Two Step Notification Process

A Trading Privilege Holder must:

(i) notify the Trade Desk of the potential error trade by telephone ~~as soon as possible and in no event later than~~ within eight minutes following the execution time of the potential error trade; and

(ii) electronically submit to the Trade Desk a written notification regarding the potential error trade, with the information required to be included in the notification as designated by the Exchange, within twenty minutes following the execution time of the potential error trade.

One Step Notification Process

A Trading Privilege Holder must electronically submit to the Trade Desk a written notification regarding the potential error trade, with the information required to be included in the notification as designated by the Exchange, within eight minutes following the execution time of the potential error trade.

The Trade Desk may provide assistance regarding potential error trades only to Trading Privilege Holders.

A Trading Privilege Holder must fully satisfy all of the requirements under either the two step notification process described above or under the one step notification process described above with respect to a potential error trade in order to initiate a review of the trade under the error trade policy. If ~~either or~~ a Trading Privilege Holder does not satisfy ~~both of the notification~~ these requirements ~~in the preceding~~

~~paragraph are not satisfied~~ with respect to a potential error trade, the trade will stand, except as provided in Part B below.

Part A of this Policy and Procedure does not apply to Block Trades and Exchange of Contract for Related Position transactions and does not apply with respect to trade busts and adjustments under Parts D - M of this Policy and Procedure.

2. *Notice that Trade Under Review*

When a potential error trade is brought to the Trade Desk's attention, the Trade Desk will disseminate a notice to the parties to the trade that the trade is under review.

3. *Procedure Followed by Trade Desk*

The Trade Desk will determine for any potential error trade that is brought to the Trade Desk's attention whether the trade price is in the "no bust range" for the relevant Contract, as set forth in the Rules governing such Contract. With respect to trades involving a Spread Order, the Trade Desk may also consider the theoretical net price of the Spread Order and apply the "no bust range" in relation to that theoretical net price (such that if the net trade price of the Spread Order was inside (outside) that "no bust range", all of the trades involving the Spread Order would be treated as inside (outside) the "no bust range"). In making a determination regarding the theoretical net price of a Spread Order, the Trade Desk may consider all relevant factors, including the net of the true market prices of the Contracts that comprise the individual legs of the Spread Order (each determined in the manner described above) and the net price of other Spread Orders of the same type.

In determining whether the trade price is within the "no bust range," the Trade Desk will determine what the true market price for the relevant Contract was immediately before the potential error trade occurred. In making such 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 or series, the prices of related contracts trading on the Exchange or other markets and the theoretical value of an Option as determined by the Exchange.

References above and in the Rules governing each Contract to consideration of all relevant factors in relation to the determination of the theoretical net price of a Spread Order and the true market price for a Contract are non-exclusive. Specific factors enumerated above and in the Rules governing each Contract in relation to those determinations are examples of factors that may be considered by the Trade Desk in making those determinations. The Trade Desk may consider other factors as well, such as, for example, the market conditions at the time of the trade, and may determine which factor or factors are relevant for consideration in each determination based upon the facts and circumstances in that particular instance.

4. *Trade Price Inside "No Bust Range"*

If the Trade Desk determines that the trade price of a potential error trade was inside the "no bust range" for the relevant Contract, such trade will stand and no further action will be taken. No such trade can be busted or adjusted by agreement of the parties to such trade.

5. *Trade Price Outside "No Bust Range"*

The Trade Desk is authorized in its sole discretion to adjust a Futures error trade or an Options error trade that was outside the "no bust range" for the relevant Contract, with the following exception.

If the adjustment of an error trade involving the execution of a Limit Order with a Customer Type Indicator Code of 4 would result in an adjusted trade price for the transaction that is greater than the limit price of the Limit Order if it was an Order to buy or that is less than the limit price of the Limit Order if it was an Order to sell, the Trade Desk will not adjust the trade and instead is authorized in its sole discretion to bust the trade.

If the Trade Desk determines that the trade price of a potential error trade was outside the "no bust range" for the relevant Contract, the Trade Desk will review the circumstances surrounding such trade to determine whether such trade should be adjusted or whether in the circumstance described in the preceding paragraph such trade should be busted. The factors that may be considered by Trade Desk in this connection include: the market conditions immediately before and after such trade occurred; the volatility of the market; the prices of related instruments in other markets; whether one or more parties to such trade believe that such trade was made at a valid price; and any other factors that the Trade Desk may deem relevant. The Trade Desk shall make its decision as promptly as practicable. Such decision shall be final.

If a trade is adjusted under Part A of this Policy and Procedure, the Trade Desk will adjust the price of the transaction to a price that is equal to the highest level of the "no bust range" if the original trade price was above that level or will adjust the price of the transaction to a price that is equal to the lowest level of the "no bust range" if the original trade price was below that level. If a trade is busted, the Trade Desk will cancel such trade.

If a trade is not adjusted or busted, the parties thereto cannot reverse such trade, except as provided in Part B below. The parties to any such trade may also not "trade out" of such trade by entering into a pre-arranged offsetting transaction; *provided* that the parties may engage in pre-execution discussions with each other in accordance with procedures established by the Exchange from time to time.

6. *Notice of Final Action*

As soon as a decision regarding a potential error trade has been made, the Trade Desk will disseminate a notice to the parties to the trade, indicating whether such trade is busted, is adjusted or stands and indicating the adjusted transaction price if the trade is adjusted.

B. - M. No changes.

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EXHIBIT 2

The iBoxx iShares $ High Yield Corporate Bond Index and the iBoxx iShares $ Investment Grade Corporate Bond Index ("iBoxx iShares $ Corporate Bond Indices") and the iBoxx® USD Liquid Emerging Market Sovereigns & Sub-Sovereigns Index are products of S&P Dow Jones Indices LLC or its affiliates or licensors ("S&P DJI") and have been licensed for use by Cboe Exchange, Inc. iBoxx®, S&P®, S&P 500®, SPX®, US 500®, The 500®, DSPX®, DSPBX®, iTraxx®, CDX®, and Dividend Aristocrats® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones") and has been licensed for use by S&P Dow Jones Indices; and these trademarks have been licensed for use by S&P DJI and sublicensed for certain purposes by Cboe Exchange, Inc. Cboe® iBoxx® iShares® $ High Yield Corporate Bond Index futures and options on futures, Cboe® iBoxx® iShares® $ Investment Grade Corporate Bond Index futures and options on futures, and Cboe® iBoxx® $ Emerging Market Bond Index futures are not sponsored, endorsed, sold, or promoted by S&P DJI, Dow Jones, S&P, their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the iBoxx iShares $ Corporate Bond Indices or the iBoxx® USD Liquid Emerging Market Sovereigns & Sub-Sovereigns Index.

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