



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-2024-020

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 clarify and update various CFE rule provisions. Exhibit 1 to this submission sets forth the rule changes included in the Amendment. The Amendment will become effective on September 26, 2024.

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

- CFE is adding a formal definition for the term “Chicago time” in Chapter 1 (Definitions) of the CFE Rulebook because this term is referenced in a number of CFE’s rules. Chicago time as used in CFE’s rules means Central Standard Time or Central Daylight Savings Time, whichever is currently in effect in Chicago, Illinois.
- CFE Rule 216 (Regulatory Cooperation and Information-Sharing Agreements) provides that CFE may from time to time enter into agreements providing for the exchange of information and other forms of mutual assistance with domestic or foreign self-regulatory organizations, associations, boards of trade, swap execution facilities, trading venues, and their respective regulators. CFE is revising the title of Rule 216 to be “Information Sharing Agreements” which is consistent with how the Commission refers to these agreements in CFTC Regulations 38.150(c) and 38.159. CFE is also amending Rule 216 to specifically reference and clarify that derivatives clearing organizations are a type of organization with which CFE may enter into information sharing agreements. In addition, CFE is amending Rule 216 to clarify that the purposes enumerated in Rule 216 for these agreements is illustrative and not intended to be an exclusive list of those potential purposes.
- CFE Rule 308 (Consent to Exchange Jurisdiction) provides that any Market Participant that is not a CFE Trading Privilege Holder (“TPH”) or a Related Party of a TPH is bound by and required to comply with the CFE rules listed in Rule 308(c) to the same extent that

a TPH or Related Party is bound by and required to comply with those rules. CFE is revising Rule 308 to add Rule 216 to the CFE rules listed in Rule 308(c) in order to clarify that Market Participants are bound by the provisions of Rule 216 which provide that CFE is authorized to provide information pursuant to information sharing agreements and to carry out information sharing agreements. CFE is also revising Rule 308(c) so that the list of Policy and Procedure provisions of the Policies and Procedures Section of the CFE Rulebook that are listed in Rule 308(c) are listed in numerical order and to delete reference to a Policy and Procedure provision which no longer is included in the Policies and Procedures Section of the CFE Rulebook.

- CFE is amending CFE Rule 418 (Emergencies) to make clear that a Physical Emergency is a type of Emergency and that one of the non-exclusive list of actions that may be taken in a Physical Emergency is to have trading on the Exchange occur through its disaster recovery trading systems rather than its regular trading systems. Policy and Procedure V (Emergency and Physical Emergency Delegations and Procedures) (“P&P V”) of the Policies and Procedures Section of the CFE Rulebook provides that the CFE President and other designees enumerated in P&P V may determine the existence of a Physical Emergency, take specified actions in response to a Physical Emergency, and order the removal of specified actions based upon a determination by the individual that the Physical Emergency no longer exists or has sufficiently abated. CFE is amending P&P V to specify that a CFE Managing Director is a designee with respect to determining to have trading on the Exchange occur through its disaster recovery trading systems rather than its regular trading systems.
- CFE Rule 513 (System Security and Integrity) currently provides that TPHs may utilize test symbols in the CFE System production environment solely for legitimate testing purposes. CFE is further clarifying this provision by providing in Rule 513 that:
 - CFE may, in a form and manner determined by the Exchange, make available one or more non-production trading system certification and testing environment(s) within the CFE System (a “certification environment”) and test symbols in the CFE System production environment.
 - Without limiting the generality of other provisions of Rule 513:
 - CFE may establish objective parameters related to the use of any certification environment and the use of test symbols in the CFE System production environment.
 - TPHs may utilize any certification environment and test symbols in the CFE System production environment solely for legitimate testing purposes.
- CFE is reflecting in the Amendment that it did not implement and will not be implementing a rule provision that was included in CFE Rule Certification Submission Number CFE-2023-002. That rule certification provided that rule changes included in the rule certification would become effective on or after February 28, 2023, on an implementation date to be announced by the Exchange through the issuance of an Exchange notice. CFE issued notices that the rule changes included in that rule certification would become effective on July 10, 2023, except for new CFE Rule 513A(k) (Futures and Options Duplicate Order Protection). New Rule 513A(k) related to a duplicate order protection risk control for TPHs. CFE ultimately determined not to implement this risk control because a

similar risk control was in place on securities exchanges affiliated with CFE and was rarely utilized. Because new Rule 513A(k) was never implemented and currently shows as reserved in the CFE Rulebook and because this rule provision has become dormant pursuant to CFTC Regulation 40.1(g), CFE is reflecting the deletion of this rule provision in the Amendment.

- The Amendment makes non-substantive revisions to Rule 1202(p) (Daily Settlement Price) to correct the numbering of two rule references within Rule 1202(p)(vi)(B).
- CFE is revising the third paragraph of CFE Rule 2403 (Settlement) to clarify that Clearing Members holding open positions in an Options on Cboe® iBoxx® iShares® Bond Index futures (“CB Options”) contract at the expiration of the contract that are in-the-money shall deliver or receive the underlying CB Index Futures Contract in accordance with the Rules and By-Laws of The Options Clearing Corporation (“OCC”). This description is consistent with the description in the fourth paragraph of Rule 2403 which provides that: The CB Index Futures Contract that underlies a CB Options Contract is the CB Index Futures Contract that has the same expiration date as the CB Options Contract. As a result, on the expiration date of a CB Options Contract, the CB Options contract is settled into the underlying CB Index Futures Contract and the underlying CB Index Futures Contract is then settled into cash in accordance with the Rules and By-Laws of OCC.¹

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:

- DCM Core Principle 2 (Compliance with Rules) in that the Amendment makes clear that CFE may enter into information sharing agreements with derivatives clearing organizations and that Market Participants are bound by the CFE rule provisions that enable CFE to share information pursuant to those agreements and to carry out those agreements, which furthers CFE’s ability to enter into to those agreements, enforce its rules, and carry out its functions as a DCM;
- DCM Core Principle 6 (Emergency Authority) in that the Amendment makes clear that one of the actions that may be taken by CFE in a Physical Emergency is to have trading on the Exchange occur through its disaster recovery trading systems rather than its regular trading systems and specifies who may exercise the authority with respect to taking this action, which serves to further clarify CFE’s emergency authority;
- DCM Core Principle 7 (Availability of General Information) in that the Amendment clarifies CFE’s rules by adding a formal definition of the term “Chicago time”, deleting a rule provision that CFE has not implemented and has become dormant, correcting the numbering of two rule references, and making the language which describes CB Options more clear and consistent; and
- DCM Core Principle 20 (System Safeguards) in that the Amendment further clarifies CFE’s authority to establish objective parameters related to the use of a CFE certification

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

environment and the use of test symbols in the CFE System production environment, which furthers CFE's ability to implement appropriate controls that serve to minimize risk to the performance, operation, and integrity of the CFE System.

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.

Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 or Shane Wilkerson at (484) 798-9350. Please reference our submission number CFE-2024-020 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 Rules

* * * * *

Chapter 1 Definitions

* * * * *

Chicago time

Chicago time is Central Standard Time or Central Daylight Savings Time, whichever is currently in effect in Chicago, Illinois.

* * * * *

216. ~~Regulatory Cooperation and Information-Sharing Agreements~~

The Exchange may from time to time enter into such agreements with domestic or foreign self-regulatory organizations, associations, boards of trade, swap execution facilities, trading venues, derivatives clearing organizations and their respective regulators providing for the exchange of information and other forms of mutual assistance, including among other things for financial surveillance, routine audits, market surveillance, investigative, enforcement and other regulatory purposes, as the Exchange may consider necessary or appropriate or as the Commission may require. The Exchange may be a direct party to these information sharing agreements or be party to these information sharing agreements as a third party beneficiary to information sharing agreements entered into by Exchange affiliates. The Exchange is authorized to provide information to any such organization, association, board of trade, swap execution facility, trading venue, derivatives clearing organization or regulator that is a party to an information sharing agreement with the Exchange, in accordance with the terms and subject to the conditions set forth in such agreement. Without limiting the generality of the foregoing, the Exchange shall have the capacity to carry out international information-sharing agreements as the Commission may require.

* * * * *

308. Consent to Exchange Jurisdiction

(a) - (c) No changes.

(d) Any Market Participant that is not a Trading Privilege Holder or Related Party is bound by and required to comply with the following Rules of the Exchange for purposes of Rule 308(c) to the same extent that a Trading Privilege Holder or Related Party is bound by and required to comply with those Rules of the Exchange: Rules 216, 219, 303A(d)(iii), 303A(d)(iv), 306, 307, 308, 309, 310(a), 401, 402, 404, 404A, 405, 405A, 406, 406A, 407,

408, 409, 410, 411, 412, 412A, 412B(b), 413, 414, 415, 416, 417, 418, 419, 420, 501(c), 511, 512A, 516, 517, 601, 602, 603, 604, 606, 608, 609(b), 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, and 620, Chapter 7, Chapter 8, Chapter 9, Chapter 10, Rule 1104, every Exchange Contract Specification Chapter, Exchange Policy and Procedures III, IV, XII, XVIII and XIX, ~~XX and XVIII~~ and the Exchange Fee Schedule.

(e) - (f) No changes.

* * * * *

418. Emergencies

(a) No changes.

(b) Physical Emergency. A Physical Emergency is a type of Emergency. If the President, or any individual designated by the President, determines on behalf of the Board that the physical functions of the Exchange are, or are threatened to be, severely and adversely affected by a Physical Emergency (such as a fire or other casualty, bomb threats, terrorist acts, substantial inclement weather, power failures, communications breakdowns, computer system breakdowns, screen-based trading system breakdowns or transportation breakdowns), such Person may take any action that he or she may deem necessary or appropriate to respond to such Physical Emergency, including such actions as:

(i) closing the Exchange;

(ii) delaying the opening of trading in one or more Contracts; ~~or~~

(iii) suspending, curtailing or halting trading in or extending or shortening trading hours for one or more Contracts; or

(iv) having trading on the Exchange occur through its disaster recovery trading systems rather than its regular trading systems.

(c) - (e) No changes.

* * * * *

513. System Security and Integrity

(a) - (b) No changes.

(c) The Exchange may limit the number of messages or the amount of data transmitted by Trading Privilege Holders to the CFE System in order to protect the integrity of the CFE System. In addition, the Exchange may impose restrictions on the use of any individual access to the CFE System, including temporary termination of an individual access and activation by the Exchange of the kill switch function under Rule 513A(1), if it believes such restrictions are necessary to ensure the proper performance of the CFE System or to protect the integrity of the market. Any limitations or restrictions under this paragraph (c) shall be applied in a fair and non-discriminatory manner.

(d) The Exchange may, in a form and manner determined by the Exchange, make available

one or more non-production trading system certification and testing environment(s) within the CFE System (a “certification environment”) and test symbols in the CFE System production environment. Without limiting the generality of the provisions of Rule 513(c);

(i) The Exchange may establish objective parameters related to the use of any certification environment and the use of test symbols in the CFE System production environment.

(ii) Trading Privilege Holders may utilize any certification environment and test symbols in the CFE System production environment solely for legitimate testing purposes.

* * * * *

513A. Risk Controls

(a) - (j) No changes.

(k) Reserved ~~*Futures and Options Duplicate Order Protection.*~~

~~(i) Trading Privilege Holders shall have the ability to enable duplicate Order protection by match capacity allocation for Futures and Options Orders.~~

~~(ii) When duplicate Order protection is enabled for a match capacity allocation:~~

~~(A) If the CFE System receives through the match capacity allocation a specified number of duplicate orders during a specified time interval in a Futures or Options Contract that have the same EFID, side, price and quantity, the CFE System will:~~

~~(1) reject or cancel back to the sender additional duplicate Orders submitted through the match capacity allocation until the CFE System receives through the match capacity allocation an Order in the Futures or Options Contract with a different EFID, side, price or quantity, at which time this risk control is reset; or~~

~~(2) reject all incoming Orders (except Cancel Orders) submitted through the match capacity allocation for that EFID until the Trade Desk resets this risk control after receiving a request from the Trading Privilege Holder to do so.~~

~~(B) The Trading Privilege Holder shall have the ability to designate the number of duplicate Orders and the applicable time interval in which that number of duplicate orders will trigger one of the outcomes specified in Rule 513A(k)(ii)(A) and to designate which of the outcomes specified in Rule 513A(k)(ii)(A) occurs if the duplicate Order protection risk control is triggered.~~

~~(C) The triggering of the duplicate Order protection risk control does not prevent the submission of Cancel Orders to the CFE System.~~

~~(D) — The duplicate Order protection risk control does not apply to Quotes.~~

(l) - (o) No changes.

* * * * *

1202. Contract Specifications

(a) - (o) No changes.

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

(i) - (v) No change.

(vi) *Exchange Determination.*

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

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

(2) there is a trading halt in the VX futures Contract or other unusual circumstance at or around the Daily Settlement Time.

(B) The Exchange may exercise the authority in this paragraph (p)(vi) either before or after a daily settlement price determined by the parameters set forth in paragraphs (p)(ii) - (p)(~~v~~) has initially been determined and disseminated.

(vii) No change.

(q) - (r) No changes.

* * * * *

2403. Settlement

The exercise settlement value of an expiring CB Options Contract shall be the closing index value of the applicable CB Index on the expiration date of the CB Options Contract as determined by Markit Indices Limited. The exercise settlement value will be rounded to the nearest \$0.01.

Subject to the Rules and By-Laws of OCC, CB Options that are in-the-money by \$0.01 or more upon their expiration are automatically exercised and contrary exercise

instructions are not permitted.

Clearing Members holding open positions in a CB Options Contract at the expiration of the CB Options Contract that are in-the-money shall deliver or receive the underlying CB ~~Options~~ Index Futures Contract in accordance with the Rules and By-Laws of OCC.

The CB Index Futures Contract that underlies a CB Options Contract is the CB Index Futures Contract that has the same expiration date as the CB Options Contract. As a result, on the expiration date of a CB Options Contract, the CB Options contract is settled into the underlying CB Index Futures Contract and the underlying CB Index Futures Contract is then settled into cash in accordance with the Rules and By-Laws of OCC.

If the exercise settlement value is not available or the normal settlement procedure cannot be utilized due to a trading disruption or other unusual circumstance, the exercise settlement value will be determined in accordance with the Rules and Bylaws of OCC.

* * * * *

Cboe Futures Exchange, LLC
Policies and Procedures Section of Rulebook

* * * * *

Policy and Procedure V. Emergency and Physical Emergency Delegations and Procedures (Rule 418)

A. *Specific Emergency and Physical Emergency Delegations*

1. No changes.
2. *Physical Emergency Delegations*

Rule 418(b) governs emergencies affecting the physical functions of the Exchange and provides a non-exclusive list of circumstances that may constitute such a “Physical Emergency.”

Rule 418(b) grants the President or any individual designated by the President the authority to determine on behalf of the Board the existence of a Physical Emergency and the authority to take actions in response to a Physical Emergency, including all of the actions listed below. The President or the President’s designee may also order the removal of any restriction previously imposed based upon a determination that the Physical Emergency no longer exists or has sufficiently abated to permit the function of the Exchange to continue in an orderly manner.

Pursuant to Rule 418(b), the following individuals in addition to the President are authorized as designees of the President to determine the existence of a Physical Emergency and to take the actions specified in the delegations below in response to a Physical Emergency. These additional individuals may also order the removal of any restriction that the applicable individual has been delegated the authority to impose

based upon a determination by the applicable individual that the Physical Emergency no longer exists or has sufficiently abated to permit the function of the Exchange to continue in an orderly manner.

| Rule | Physical Emergency Actions | Physical Emergency Delegations |
|---------------|---|---|
| 418(b) | Delaying the opening of trading in one or more Contracts | <ul style="list-style-type: none"> • Managing Director or • Senior Person in Charge of Trade Desk |
| 418(b) | Suspending, curtailing or halting trading in one or more Contracts | <ul style="list-style-type: none"> • Managing Director or • Senior Person in Charge of Trade Desk |
| 418(b) | Extending or shortening trading hours for one or more Contracts | <ul style="list-style-type: none"> • Managing Director |
| 418(b) | Closing the Exchange | <ul style="list-style-type: none"> • Managing Director |
| <u>418(b)</u> | <u>Having trading occur through disaster recovery trading systems rather than regular trading systems</u> | <ul style="list-style-type: none"> • <u>Managing Director</u> |

B. *Procedures for Exercise of Emergency and Physical Emergency Delegations*

In the event that action is taken by the President or other individual with delegated authority in response to an Emergency or Physical Emergency as provided for in Paragraph A, the Board shall be advised of (1) the circumstances that gave rise to the determination of the Emergency or Physical Emergency, (2) the action taken in response to the Emergency or Physical Emergency, and (3) the outcome of events relating to the Emergency or Physical Emergency. This notification shall be provided to the Board no later than its next meeting and shall be provided sooner to the extent required by Rule 418(c) or if the President or other individual with delegated authority with respect to the action taken determines that it would be advisable to do so under the circumstances.

In determining how soon the foregoing notification should be provided to the Board, the President or other individual with delegated authority with respect to the action taken should consider the significance of the action taken and of any continuing market impact resulting from that action. For example, the imposition a trading halt of limited duration is the type of action that would not normally be expected to be immediately brought to the Board's attention. Conversely, the ordering of the transfer of Contracts, and the money, securities, and property securing such Contracts, held on behalf of a Customer by a Trading Privilege Holder to another Trading Privilege Holder who assumed such Contracts would normally be expected to be expeditiously brought to the Board's attention.

* * * * *

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.

The iBoxx[®] iShares[®] \$ High Yield Corporate Bond Index and the iBoxx[®] iShares[®] \$ Investment Grade Corporate Bond Index (the “Indexes”), futures contracts on the Indexes and options on 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 Index 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.

BlackRock makes no warranty, express or implied, as to results to be obtained by S&P DJI, 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.

iShares[®] is a registered trademark of BlackRock Fund Advisors and its affiliates.