



October 25, 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-2024-023

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 further clarify certain rule provisions relating to CFE options on futures products by expressing those provisions in index points. Exhibit 1 to this submission sets forth the rule changes included in the Amendment. The Amendment will become effective on November 8, 2024.

CFE currently lists for trading two types of options on futures: Options on Cboe® iBoxx® iShares® Bond Index futures (“CB Options”)¹ and Options on Cboe Volatility Index Futures (“VX Options”). CFE is making the following clarifying revisions to the rule provisions for these products:

- CFE is adjusting the description of the limit order price reasonability parameters included in CFE Rule 2402(s) (Price Reasonability Checks) for CB Options and in Rule 2602(t) (Price Reasonability Checks) for VX Options to express those parameters in index points instead of in dollar terms.
- CFE is revising CFE Rule 2402(t) (Exercise Style) and CFE Rule 2403 (Settlement) for CB Options and CFE Rule 2602(u) (Exercise Style) and CFE Rule 2603 (Settlement) for VX Options to further clarify that, subject to the Rules and By-Laws of The Options Clearing Corporation (“OCC”), a CB Option or VX Option that is in-the-money by 0.01 or more index points upon its expiration is automatically exercised on its expiration date.
- CFE is revising Rule 2403 (Settlement) for CB Options and CFE Rule 2603 (Settlement) for VX Options to further clarify that the exercise settlement value for a CB Option or VX Option is rounded to the nearest 0.01 index points.

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

The rule provisions that are being further clarified by the Amendment are expressed in dollar terms instead of in index points. These provisions currently utilize dollar terms since they are referencing the price of the applicable CB Option or VX Option, and price is often referenced and spoken of in dollar terms. For example, prices may be referenced as having penny increments or options may be referenced as being automatically exercised if they are a penny or more in-the-money. These provisions reflect this more colloquial way of expressing these values.

The revisions to these rule provisions convey these values in a more technical manner by expressing them in index points. CB Options and VX Options are quoted and traded in index points. Because .01 index points for each of these products equates to \$10.00 per contract based on the contract multiplier of \$1,000 for these products, references to dollar terms like \$.01 could potentially be construed as referring to value instead of price and the value of a trading increment and the price of a trading increment differ for those products given their contract multiplier. The revisions to these provisions are intended to eliminate any potential ambiguity in this regard and to make clear that prices for these products are technically expressed in index points.

The revisions in the Amendment do not change or alter in any way the manner in which these rule provisions have been or will be applied. These rule provisions will continue to be applied in the same way that they have been. The revisions are simply intended to further clarify those provisions and to make their wording more technically precise.

The Amendment also makes one minor non-substantive change to one reference in Rule 2402(t) to “CB Option” to capitalize the word “Option” consistent with how CB Options are referenced elsewhere in CFE’s rules.

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 4 (Prevention of Market Disruption) and DCM Core Principle 7 (Availability of General Information) because the Amendment further clarifies CFE’s rule provisions relating to CB Options and VX Options, including in relation to CFE’s limit order price reasonability risk controls for those products.

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-2024-023 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:

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Cboe Futures Exchange, LLC Rules

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2402. Contract Specifications

(a) - (r) No changes.

(s) *Price Reasonability Checks.* The Limit Order price reasonability percentage parameters designated by the Exchange for CB Options pursuant to Rule 513A(d) are set forth in the table below.

Limit Price of Limit Order	Price Reasonability Percentage
≤ \$0.50	400%
\$0.51 - \$1.99	35%
\$2.00 - \$5.00	20%
\$5.01 - \$10.00	15%
\$10.01 - \$20.00	10%
\$20.01 - \$50.00	6%
\$50.01 - \$100.00	4%
≥ 100.01	4%

(t) *Exercise Style.* CB Options have American-style exercise. A CB option may be exercised on any Business Day of The Options Clearing Corporation (“OCC”) up to and including the OCC Business Day prior to its expiration date in accordance with the Rules and By-Laws of OCC. Subject to the Rules and By-Laws of OCC, a CB ~~option~~ Option that is in-the-money by \$0.01 or more index points upon its expiration is automatically exercised on its expiration date and contrary exercise instructions are not permitted.

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 index points.

Subject to the Rules and By-Laws of OCC, CB Options that are in-the-money by \$0.01 or more index points 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 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.

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2602. Contract Specifications

(a) - (s) No changes.

(t) *Price Reasonability Checks.* The Limit Order price reasonability percentage parameters designated by the Exchange for VX Options pursuant to Rule 513A(d) are set forth in the table below.

Limit Price of Limit Order	Price Reasonability Percentage
≤ \$0.50	400%
\$0.51 - \$1.99	35%
\$2.00 - \$5.00	20%
\$5.01 - \$10.00	15%
\$10.01 - \$20.00	10%
\$20.01 - \$50.00	6%
\$50.01 - \$100.00	4%
≥ 100.01	4%

(u) *Exercise Style.* VX Options have European-style exercise. A VX Options Contract may be exercised only on its expiration date in accordance with the Rules and By-Laws of OCC. Subject to the Rules and By-Laws of OCC, a VX Options contract that is in-the-money by \$0.01 or more index points upon its expiration is automatically exercised on its expiration date and contrary exercise instructions are not permitted.

2603. Settlement

The exercise settlement value of an expiring VX Options Contract is the daily settlement price of the VX futures Contract that underlies the VX Options contract on the expiration date of the VX Options Contract. The exercise settlement value is rounded to the nearest 0.01 index points.

Subject to the Rules and By-Laws of OCC, VX Options Contracts that are in-the-money by \$0.01 or more index points upon their expiration are automatically exercised and contrary exercise instructions are not permitted.

Clearing Members holding open positions in a VX Options Contract at the expiration of the VX Options Contract that are in-the-money shall deliver or receive the

underlying VX futures Contract 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.

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.

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