



December 3, 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-2024-024

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 revise CFE’s rule provisions relating to delivery of the underlying future following the exercise of an option on a future. Exhibit 1 to this submission sets forth the rule changes included in the Amendment. The Amendment will become effective on December 17, 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”). Transactions in CB Options and VX Options are cleared by The Options Clearing Corporation (“OCC”) which is the derivatives clearing organization (“DCO”) that CFE utilizes for the clearance and settlement of transactions in these products.

CFE Rule 1104 (Rules of the Clearing Corporation) provides that the clearing services provided to CFE by OCC with respect to any contract, and the rights and obligations of purchasers and sellers under cleared contracts (including without limitation rights and obligations in respect of clearing and settlement, variation payments, and performance at maturity, and in the case of options on futures, upon exercise thereof), shall be governed by the Rules of the Clearing Corporation. Chapter 1 of the CFE Rulebook defines Rule of the Clearing Corporation to mean the Certificate of Incorporation, the By-Laws and any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, in each case as adopted or amended from time to time by OCC relating to CFE or any or all of the CFE contracts cleared by OCC.

Consistent with Rule 1104, CFE Rule 2402(u) (Exercise and Delivery) relating to CB Options and CFE Rule 2602(v) (Exercise and Delivery) relating to VX Options make reference to the fact that the exercise of CB Options and VX Options and the delivery following exercise of the underlying future

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

is governed by the Rules and By-Laws of OCC. Rule 2402(u) and Rule 2602(v) also provide that the exercise of a CB Options contract or VX Options contract results in the delivery on the following OCC business day of one underlying futures contract. CFE now understands that the delivery occurs on the same OCC business day.

CFE is revising Rule 2402(u) and Rule 2602(v) to remove reference to the timing of the delivery of the underlying futures contract following the exercise of a CB Options contract or VX Options contract and to provide that the delivery occurs in accordance with the Rules and By-Laws of OCC. Specifically, as revised, Rule 2402(u) and Rule 2602(v) provide that the exercise of a CB Options contract or VX Options contract results in the delivery of one underlying futures contract in accordance with the Rules and By-Laws of OCC. The revisions in the Amendment do not change or alter in any way the timing of the delivery of an underlying futures contract as it has been and will be applied by OCC pursuant to OCC rules following the exercise of a CB Options contract or VX Options contract.

CFE believes that it is better defer to OCC rule provisions as to the timing of the delivery of an underlying future following the exercise of an option on a future as OCC rules are what govern in this regard, to ensure consistency between CFE and OCC rules, and because OCC rules could be more detailed than what might be included in CFE rules with respect to aspects like this one that are administered by OCC as the DCO for CB Options and VX Options.

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 7 (Availability of General Information) and DCM Core Principle 11 (Financial Integrity of Transactions) because the Amendment further clarifies that the timing of the delivery of the underlying futures contract following the exercise of a CB Options contract or VX Options contract is governed by the Rules and By-Laws of OCC as the DCO for these products. The Amendment is consistent with Rule 1104 and with the preceding provisions within Rule 2402(u) and Rule 2602(v) which already provide for this.

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-2024-024 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) - (t) No changes.

(u) *Exercise and Delivery.* The exercise of CB Options and the delivery following exercise of underlying CB Index Futures is governed by the Rules and By-Laws of OCC. Exercise of a CB Options contract results in the delivery ~~on the following OCC business day~~ of one underlying CB Index Futures contract that has the same expiration date as the CB Options contract in accordance with the Rules and By-Laws of OCC.

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2602. Contract Specifications

(a) - (u) No changes.

(v) *Exercise and Delivery.* The exercise of VX Options and the delivery following exercise of underlying VX futures are governed by the Rules and By-Laws of OCC. The exercise of a VX Options Contract results in the delivery ~~on the following OCC business day~~ of one underlying VX futures Contract in accordance with the Rules and By-Laws of OCC.

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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.

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.