Cboe

June 09, 2020

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 Mini Cboe Volatility Index Futures
> Submission Number CFE-2020-018

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 Mini Cboe Volatility Index futures ("VXM 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 new Chapter 17 of CFE's Rulebook regarding VXM futures and related updates to other CFE rule provisions. In particular, the Amendment also includes updates to CFE Rule 1202(d) (Position Accountability) and CFE Rule 513A(c) (Net Long and Net Short Limits) and to CFE Policy and Procedure V (Emergency and Physical Emergency Delegations) and CFE Policy and Procedure XIX (Submission Time Frames) in the Policies and Procedures Section of the CFE Rulebook. A chart that summarizes the Product specifications is also attached.

The terms and conditions for VXM futures and the Amendment will become effective on June 23, 2020 ("Effective Date"). VXM futures may be listed for trading on CFE on or after the Effective Date on a date to be announced by the Exchange through the issuance of an Exchange notice.

VXM Futures

VXM futures are a smaller size version of Cboe Volatility Index futures ("VX futures") which are currently listed for trading on CFE. Like VX futures, VXM futures are cash-settled futures on the Cboe Volatility Index ("VIX Index"). The contract size for VXM futures is 1/10th of the contract size for VX futures. This is effected by having a $100 contract multiplier for VXM futures whereas VX futures have a $1,000 contract multiplier. Because VXM futures and VX futures are futures on the same underlying index, a VXM future and a VX future that have the same final settlement date will have the same final settlement value. However, a $100 multiplier would be applied to that final settlement value for the VXM future and a $1,000 multiplier would be applied to that final settlement value for the VX future. VXM futures will have the ticker symbol VXM and will be a separate product on CFE from VX futures. Thus, VXM futures and VX futures will not be fungible.

<u>VIX Index</u>

The VIX Index is a financial benchmark designed to be an up-to-the-minute market estimate of expected volatility of the S&P 500 Index. The S&P 500 Index is a broad-based security index composed of a basket of 500 U.S. stocks weighted by market capitalization which is a measure of overall stock market performance across a broad set of industries and companies. The intraday VIX Index measures the expected volatility of the S&P 500 Index by using real-time bid/ask quotes of options on the S&P 500 Index ("SPX options") listed for trading on Cboe Exchange, Inc. ("Cboe Options") (a national securities exchange). More specifically, the VIX Index is intended to provide an instantaneous measure of how much the market thinks the S&P 500 Index will fluctuate in the 30 days from the time of each tick of the VIX Index. The VIX Index is a forward looking measure, in contrast to realized (or actual) volatility, which measures the variability of historical (or known) prices.

Cboe Global Indices, LLC ("CGI") calculates the VIX Index using standard SPX options and weekly SPX options. The standard SPX options used expire on the third Friday of each month and the weekly SPX options used expire on all other Fridays. Only SPX options with Friday expirations are used to calculate the VIX Index. Additionally, only SPX options with more than 23 days and less than 37 days to the Friday SPX expiration are used to calculate the VIX Index. These SPX options are then weighted to yield a constant maturity 30-day measure of the expected volatility of the S&P 500 Index. In order to maintain a constant maturity of 30 days, the portfolio of SPX options comprising the VIX Index changes slightly every single minute. Accordingly, the VIX Index is calculated using a constantly changing portfolio of SPX options.

Intraday VIX Index values are based on snapshots of SPX option bid/ask quotes every 15 seconds and are intended to provide an estimate of expected volatility at particular points in time. As such, these VIX Index values are often referred to as "indicative" or "spot" values. CGI currently calculates VIX Index spot values between 2:15 a.m. and 8:15 a.m., and between 8:30 a.m. and 4:15 p.m. according to the VIX Index formula. All times referenced in this filing are Chicago time.

The generalized formula used in the VIX Index calculation is:

$$\sigma^2 = \frac{2}{T} \sum_i \frac{\Delta K_i}{K_i^2} e^{RT} Q(K_i) \quad - \quad \frac{1}{T}\left[\frac{F}{K_0} - 1\right]^2$$

WHERE...

σ is	$VIX/100 \Rightarrow VIX = \sigma \times 100$
T	Time to expiration
F	Forward index level derived from index option prices
K_0	First strike below the forward index level, F
K_i	Strike price of ith out-of-the-money option; a call if $K_i > K_0$ and a put if $K_i < K_0$; both put and call if $K_i = K_0$.
ΔK_i	Interval between strike prices – half the difference between the strike on either side of K_i:

$$\Delta K_i = \frac{K_{i+1} - K_{i-1}}{2}$$

(*Note*: ΔK for the lowest strike is simply the difference between the lowest strike and the next higher strike. Likewise, ΔK for the highest strike is the difference between the highest strike and the next lower strike.)

R	Risk-free interest rate to expiration
$Q(K_i)$	The midpoint of the bid-ask spread for each option with strike K_i.

Further information regarding the calculation of the VIX Index may be found in the VIX White Paper at http://www.cboe.com/micro/vix/vixwhite.pdf.

Broad-Based Security Index

The VIX Index continues to qualify as a broad-based security index pursuant to the Joint Order issued by the Securities and Exchange Commission ("SEC") and the CFTC ("Commissions") dated March 25, 2004 (Securities Exchange Act Release No. 49469) ("2004 Joint Order"), as amended by the Joint Order issued by the Commissions dated November 17, 2009 (Securities Exchange Act Release No. 61020) ("2009 Joint Order") (collectively, "Joint Order"),[1] in that:

(1)   The VIX Index measures the magnitude of changes in the level of the S&P 500 Index over a defined period of time, which magnitude is calculated using prices of options on the S&P 500 Index (i.e., SPX options) and represents an annualized standard deviation of percent changes in the level of the S&P 500 Index. The S&P 500 Index is a broad-based security index and is not a narrow-based security index as that term is defined in Section 1(a)(25) of the Act and Section 3(a)(55) of the Securities Exchange Act of 1934, as amended ("Exchange Act").

(2)   The VIX Index has more than 9 component securities, all of which are SPX options.

(3)   No component security of the VIX Index comprises more than 30% of the VIX Index's weighting.

(4)   The five highest weighted component securities of the VIX Index in the aggregate do not comprise more than 60% of the VIX Index's weighting.

(5)   CFE certifies that the S&P 500 Index complies with the criteria set forth in condition (5) of the Joint Order.

(6)   SPX options are listed and traded on Cboe Options, a national securities exchange registered under Section 6 of the Exchange Act. Pricing information for the S&P 500 Index and SPX options is computed and disseminated in real-time through major market data vendors.

(7)   The aggregate average daily trading volume in SPX options on Cboe Options is approximately 1,433,438 contracts calculated as of the preceding 6 full calendar months.

Final Settlement Value

Like with VX futures, Cboe Options will calculate and report final settlement values for VXM futures. The final settlement value of a monthly VXM future will be calculated utilizing standard SPX options that are A.M. settled and expire on the third Friday of a month. The final settlement value of a weekly VXM future will be calculated utilizing weekly SPX options that are P.M. settled and expire on a Friday other than the third Friday of the month. As is done with VX

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[1] Joint Order Excluding Indexes Comprised of Certain Index Options from the Definition of Narrow-Based Security Index Pursuant to Section 1a(25)(B)(vi) of the Commodity Exchange Act and Section 3(a)(55)(C)(vi) of the Securities Exchange Act of 1934, 69 FR 16900 (March 31, 2004) and 74 FR 61116 (November 23, 2009).

futures, CFE will use two ticker symbols to differentiate between monthly and weekly VXM futures. The futures symbol "VXM" will be utilized for monthly VXM futures, and the ticker symbol "VXM" followed by a number denoting the specific week of a calendar year will be utilized for weekly VXM futures.

The final settlement date for a monthly VXM future will be on the Wednesday that is 30 days prior to the third Friday of the calendar month immediately following the month in which the contract expires. The final settlement date for a weekly VXM future will be on the Wednesday of the week specifically denoted in the ticker symbol. In each case, if that Wednesday or the Friday that is 30 days following that Wednesday is a Cboe Options holiday, the final settlement date for the contract shall be on the business day immediately preceding that Wednesday. For symbology purposes for weekly VXM futures, the first week of a calendar year is the first week of that year with a Wednesday on which a weekly VXM futures contract could expire.

The final settlement value of a VXM future will be the same Special Opening Quotation ("SOQ") of the VIX Index that is calculated for the VX future with the same final settlement date. The SOQ of the VIX Index is calculated from the sequence of opening trade prices of the constituent SPX options during a special opening auction conducted on Cboe Options on the final settlement date. There are several ways in which the calculation of the SOQ of the VIX Index differs from the calculation of the VIX Index at all other times. Among these differences are that:

- The SOQ calculation uses standard SPX options or weekly SPX options from a single expiration 30 calendar days from the final settlement date. Unlike the VIX Index calculation at other times, the SOQ calculation does not involve the interpolation of volatility calculated with near-term and next-term options.

- Unlike the VIX Index calculation at other times, the determination of the strike range used for the SOQ calculation does not depend on whether options with consecutive strikes have zero bid prices. Cboe Options determines and announces the strike range to be used in the SOQ calculation. It does so by using an algorithm to determine the call with the highest strike and the put with the lowest strike to be used in that calculation. The strike prices used in the SOQ calculation include all put options within the strike range that have a strike price < K0, all call options within the strike range that have a strike price > K0, and both the put and call options that have a strike price equal to K0. Options within the Cboe Options determined strike range with a zero-bid price are eligible to be included in the SOQ calculation, which also differs from the calculation of the VIX Index at other times.

- The SOQ calculation uses the "opening trade price" of each of the constituent SPX options, as determined pursuant to Cboe Options rules during the special opening auction that Cboe Options conducts on the final settlement date. This approach is different from the midpoint prices that are used to calculate the VIX Index at all other times. In the event that there is no "opening trade price" for a constituent SPX option, the opening price used in the SOQ calculation is the midpoint price of the highest bid and lowest offer of that option at the time it opens.

The VIX Index formula has a "time to expiration" component. The "time to expiration" component in the SOQ for VXM futures will apply in the same manner to VXM futures that it applies in relation to VX futures. The "time to expiration" used to calculate the SOQ accounts for the number of days and minutes until expiration for the constituent SPX option series. The time to expiration is measured from the scheduled opening time for trading in the constituent SPX option

series on Cboe Options and not from the time at which each individual constituent option series actually opens on Cboe Options. The "time to expiration" component used to calculate the SOQ is different based on whether standard SPX options or weekly SPX options are used in the calculation. This is because standard SPX options are A.M.-settled and expire at 8:30 a.m. on their expiration date and weekly SPX options are P.M.-settled and expire at 3:00 p.m. on their expiration date.

Subject to exceptions under Cboe Options rules, the "time to expiration" component used to calculate the SOQ for a monthly VXM future is exactly 30 days and the "time to expiration" component used to calculate the SOQ for a weekly VXM future is 30 days plus 390 minutes. The "time to expiration" used in the SOQ can vary from these time frames, such as in the event of a holiday or market disruption. For example, when Cboe Options is closed on a Wednesday due to an Exchange holiday, the amount of time until expiration used to calculate the final settlement value would be increased to reflect the extra calendar day between the day that the final settlement value is calculated and the day on which the constituent option series expire. As another example, subject to the exceptions above, if Cboe Options announces that the opening of trading in the constituent option series is delayed, the amount of time until expiration for the constituent option series used to calculate the final settlement value would be reduced to reflect the actual scheduled opening time of the constituent option series.

The special opening auction process utilized in determining the SOQ is governed by Cboe Options rules. Related Cboe Options rules, including without limitation, Cboe Options Rule 5.31 (Opening Auction Process) and Cboe Options Rule 5.31(j) (Modified Opening Auction Process), may be found at http://markets.cboe.com/us/options/membership/options_exchange_rules/. Further information regarding the determination of the SOQ that is utilized as the final settlement value for futures on the VIX Index, including VXM futures, may be found at http://www.cboe.com/products/vix-index-volatility/vix-options-and-futures/vix-index/vix-faqs. If the final settlement value for a VXM future 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. The description above is intended to be a high level summary of the VIX Index and the process to determine the SOQ as of the date of this filing and the above information and the above-referenced documents regarding each may change.

Contract Specifications

As further described in the attached summary product specifications chart for VXM futures and in new Chapter 17 of the CFE Rulebook, the contract specifications for VXM futures include the following:

CFE may list for trading up to six near-term expiration weeks, nine near-term serial expiration months, and five expiration months on the February quarterly cycle for VXM futures.

The minimum increment for single leg prices in VXM futures is 0.05 index points (equal to a dollar value per minimum increment of $5.00 per contract). The minimum increment for individual legs and net prices of spread trades in VXM futures is 0.01 index points (equal to a dollar value per minimum increment of $1.00 per contract).

The notional value of a VXM future in dollar terms is equivalent to the contract price multiplied by the contract multiplier of $100. For example, if a VXM future has contract price of 30, its notional value in dollar terms would be equivalent to $3,000. In contrast, if a VX future has a contract price of 30, its notional value in dollar terms would be equivalent to $30,000 because the

contract multiplier for VX futures is $1,000.

VXM futures will have the same trading hours as VX futures. There will be regular trading hours in VXM futures on business days Monday through Friday from 8:30 a.m. to 3:15 p.m. VXM futures will also have extended trading hours on business days Monday through Friday from 5:00 p.m. the previous day to 8:30 a.m. and from 3:30 p.m. to 4:00 p.m. Trading hours for an expiring VXM future will end at 8:00 a.m. on its final settlement date. VXM futures will also follow the same holiday trading schedule that is used for VX futures.

Block Trades will be permitted in VXM futures provided that they satisfy the requirements of CFE Rule 415 (Block Trades). The minimum Block Trade quantity for VXM futures will be 2,000 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 and all legs of the Block Trade are exclusively for the purchase or exclusively for the sale of VXM futures contracts (a "strip"), the minimum Block Trade quantity for the strip will be 3,000 contracts and each leg of the strip will be required to have a minimum size of 1,000 contracts. If the Block Trade is executed as a spread transaction that is not a strip, one leg of the spread will be required to have a minimum size of 2,000 contracts and the other leg(s) of the spread will each be required to have a minimum size of 1,000 contracts. These minimum Block Trade parameters are equivalent in structure to the Block Trade parameters for VX futures except that the minimum Block Trade quantities for VXM futures are ten times larger than they are for VX futures.

As with VX futures, Exchange of Contract for Related Position ("ECRP") transactions will be permitted in VXM futures provided that they satisfy the requirements of CFE Rule 414 (Exchange of Contract for Related Position). These requirements include, among others, the requirement under Rule 414(b) that the related position must have a high degree of price correlation to the underlying of the futures transaction so that the futures transaction would serve as an appropriate hedge for the related position.

The minimum price increment for a Block Trade or ECRP transaction in VXM futures is 0.005 index points.

The daily settlement price for a VXM futures contract will be the daily settlement price of the VX futures contract that has the same final settlement date as the VXM futures contract. The Exchange will always have a VX futures contract listed for trading that has the same final settlement date of each VXM futures contract. As noted above, VXM and VX futures with the same final settlement date will have the same final settlement value. Having the same daily settlement prices for these contracts furthers the alignment between the two contracts for those market participants that trade between and hold both contracts.

Trade at Settlement ("TAS") transactions will be permitted in VXM futures pursuant to CFE Rule 404A (Trade at Settlement Transactions) with the same parameters that apply to TAS transactions in VX futures.

A TAS transaction is a transaction in a contract at a price equal to the daily settlement price, or a specified differential above or below the daily settlement price, for the contract on a business day. CFE's trading system ("CFE System") treats each TAS single leg expiration (also referred to as a TAS contract) like a unique contract from a system perspective, and TAS contracts have a different ticker symbol from non-TAS contracts.

The ticker symbol for VXM TAS contracts will be VXMT. Both TAS and non-TAS

transactions in VXM futures will result in positions in VXM futures. Like with VX futures, although TAS transactions and non-TAS transactions are different transaction types, the positions that result from those transactions are the same.

TAS transactions in VXM futures will be allowed to be consummated on the CFE System, as spread transactions, as Block Trades (including as spread transactions), and as ECRP transactions. The trading hours for all types of TAS transactions in VXM futures will be (i) during extended trading hours, except during the extended trading hours period from 3:30 p.m. to 4:00 p.m. on a normal business day and (ii) during regular trading hours until two minutes prior to the close of regular trading hours at the end of a business day. TAS transactions in an expiring VXM future will not be permitted during the business day of its final settlement date.

The permissible price range for all types of TAS transactions in VXM futures will be from 0.50 index points below the daily settlement price to 0.50 index points above the daily settlement price. The permissible minimum increment for a TAS single leg transaction and a TAS spread transaction in VXM futures that is not a Block Trade or an ECRP transaction will be 0.01 index points. The permissible minimum increment for a TAS Block Trade (including as a spread transaction but not as a strip) and a TAS ECRP transaction in VXM futures is 0.005 index points.

Like other equity-related products, VXM futures will be subject to market-wide circuit breaker trading halt provisions under CFE Rule 417A (Market-Wide Trading Halts Due to Extraordinary Market Volatility) during their regular trading hours. Rule 417A provides that CFE will halt trading in all CFE contracts subject to Rule 417A and not reopen trading in those contracts for specified time frames if there is a Level 1 (7%), Level 2 (13%), or Level 3 (20%) Market Decline. A Market Decline is a decline in the price of the S&P 500 Index between 8:30 a.m. and 3:00 p.m. on a trading day as compared to the closing price of the S&P 500 Index for the immediately preceding trading day.

VXM futures will also be subject to automated price limits during extended trading hours. Under these automated price limits, the CFE System will not consummate the execution of any trade in a VXM futures contract which is more than 70% above the daily settlement price for that contract for the prior business day or which is less than 30% below that daily settlement price. These are the same price limit levels that apply to VX futures during extended trading hours.

Position Accountability

VXM futures will be subject to position accountability and position aggregation under CFE Rule 412A (Position Accountability). The current position accountability levels for VX futures will collectively apply to positions in both VX futures and VXM futures. Positions in both VX futures and VXM futures will be aggregated when calculating the size of a person's position for purposes of applying these position accountability levels. One VXM futures contract shall be deemed to be equivalent to one tenth (0.10) of one VX futures contract for this purpose.

Specifically, a person will be subject to the position accountability requirements set forth in Rule 412A if the person (i) owns or controls at any time more than the number of contracts net long or net short in all VX and VXM futures contracts combined that in the aggregate would exceed the equivalent of 50,000 VX futures contracts; (ii) owns or controls more than the number of contracts net long or net short in the expiring VX and VXM futures contracts combined that in the aggregate would exceed the equivalent of 30,000 VX futures, commencing at the start of trading hours for the Friday prior to the final settlement date of the expiring VX future; or (iii) owns or controls more than the number of contracts net long or net short in the expiring VX and VXM

futures combined that in the aggregate would exceed the equivalent of 10,000 VX futures contracts, commencing at the start of trading hours for the Business Day immediately preceding the final settlement date of the expiring VX future. For purposes of these provisions, the start of trading hours for the Friday prior to the final settlement date of expiring VX futures and the start of trading hours for the Business Day immediately preceding the final settlement date of expiring VX futures shall occur upon commencement of the first period of extended trading hours for the trading session for that Business Day.

Since these position accountability levels will apply to both VX futures and VXM futures, they will be reflected both in CFE Rule 1202(d) (Position Accountability) in the CFE contract specifications rule chapter for VX futures and in new CFE Rule 1702(d) (Position Accountability) in the new CFE contract specifications rule chapter for VXM futures.

Risk Controls

Trading in VXM futures will be subject to the same CFE risk controls applicable to trading in other CFE products provided for under CFE Rule 513A (Risk Controls) with one modification.

Under Rule 513A(c), a CFE clearing member has the ability to designate net long and net short limits by Executing Firm ID ("EFID") and product for CFE Trading Privilege Holders ("TPHs") in relation to orders submitted to the CFE System with EFIDs that are linked to a clearing number for that clearing member and in relation to that clearing member's own access to the CFE System. The number of contracts that are counted against a net limit on contracts bought (or sold) per business day is calculated by (i) determining the sum of the total contract size of currently resting buy (or sell) orders and the total contract size of previous buy (or sell) executions during the Business Day and (ii) reducing that sum by the total contract size of previous executions during that Business Day on the opposite side. Resting stop limit orders are counted as currently resting orders for this purpose. For spread orders, the contract size of each individual leg is counted for this purpose. Block Trades and ECRP transactions are also subject to and taken into account under net long and net short limits.

CFE is amending Rule 513A(c) to provide that net long and net short limits will collectively apply to non-TAS contracts in VX and VXM futures (with ticker symbols VX and VXM) and will separately collectively apply to TAS contracts in VX and VXM futures (with ticker symbols VXT and VXMT). For this purpose, order and execution quantities in VX and VXM contracts will be aggregated, and one VXM futures contract shall be deemed to be equivalent to one tenth (0.10) of one VX futures contract. Similarly, for this purpose, order and execution quantities in VXT and VXMT contracts will be aggregated, and one VXMT futures contract shall be deemed to be equivalent to one tenth (0.10) of one VXT futures contract.

Policy and Procedure Updates

In addition to the contract specification rules for VXM futures and the related updates to Rule 1202(d) and Rule 513A(c), the Amendment makes updates to Policy and Procedures V and XIX of the Policies and Procedures Section of the CFE Rulebook.

Policy and Procedure V sets forth delegations to take emergency actions which are provided for under CFE rules. Rule 1702(l)(i) includes the price limit provisions for VXM futures during extended trading hours that are described above. Rule 1702(l)(i)(I) also provides that the CFE Trade Desk may, in its absolute and sole discretion, take any action it determines necessary to protect market integrity. This authority includes, but is not limited to, the authority to modify or

eliminate the price limit parameters under Rule 1702(l)(i) at any time. The Amendment updates Policy and Procedure V to reference that the senior person in charge of the CFE Trade Desk has authority to exercise the authority of the Trade Desk under Rule 1702(l)(i)(I). The CFE Trade Desk also retains the ability to halt trading in VXM futures at any time if appropriate prior to reaching a particular price limit level in the interest of protecting market integrity pursuant to Rule 1702(l)(i)(I) and under CFE's emergency authority pursuant to CFE Rule 418.

Policy and Procedure XIX sets forth submission time frames for orders (including cancel orders and cancel replace/modify orders) in CFE products. The Amendment modifies Policy and Procedure XIX to provide for these time frames for VXM futures.

Legal Conditions

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 is an affiliate of CGI and of Cboe Options. CGI and Cboe Options each have ownership rights in relation to the VIX Index and settlement values relating products based on the VIX Index. CGI and Cboe Options are permitting CFE to list VXM futures. Cboe Options also has a license with S&P Dow Jones Indices, LLC ("S&P"), pursuant to which CFE has any rights that it may require from S&P to offer trading in VXM futures.

Potential Uses of VXM Futures

On a global basis, the VIX Index is one of the most recognized measures of expected stock market volatility. The VIX Index is widely reported by financial media and closely followed by a variety of market participants as a daily market indicator. CFE began offering VX futures for trading in March 2004, and VX futures have evolved to become one of the most frequently traded futures contracts in the world. Futures Industry Association ("FIA") data reflects that VX futures were the seventh most actively traded North American futures product in FIA's equity index category in March 2020, with an average that month of over 342,000 VX futures contracts traded per day. VX futures can provide the ability to, among other things, hedge, mitigate, or capitalize on broad U.S. stock market volatility. CFE believes that market participants may be able to utilize VXM futures in the same manner.

In relation to portfolio hedging and diversification, one of the biggest risks to an equity portfolio is a broad market decline. The VIX Index tends to be inversely correlated with the S&P 500 Index. Consequently, a long exposure to volatility may be an offset against falling stock prices and there may be a diversification benefit to including volatility in an investment portfolio. VXM futures are designed to deliver volatility exposure in a single, efficient package. VXM futures may also provide market participants with the ability to express a bullish, bearish, or neutral outlook regarding the expected volatility of the S&P 500 Index. Expressing a long or short sentiment could involve buying or selling VXM futures. Market participants could also buy or sell VXM futures to seek to position a portfolio for potential increases or decreases in anticipated volatility of the broad U.S. stock market.

CFE previously offered a Mini VIX futures product with a $100 contract multiplier from March 2009 until February 2014. CFE believes that the current market environment is conducive to re-launching a Mini VIX futures product, particularly given the recent expansion in the number of other mini and micro futures contracts that have become available to futures market participants and market interest in those contracts. VX futures have served as an important hedging tool for many different types of market participants, including most recently during the market events of

2020. Because the VIX Index tends to be inversely correlated with the S&P 500 Index, VXM futures may also provide market participants with a mechanism to hedge their equity positions. CFE believes that the introduction of a smaller sized futures contract based on the VIX Index will allow a broader set of market participants to avail themselves of the utility of futures on the VIX Index.

Among the different market participants that may find VXM futures to be useful are Commodity Trading Advisors ("CTAs"), sophisticated retail investors, and proprietary trading firms. CTAs may find that a smaller contract allows for allocation to smaller sub-accounts that otherwise may not be able to participate in the VX futures market because they may not have the level of capital needed to support trading in a contract of the size of the VX futures contract. Similarly, sophisticated retail investors that are unable to trade VX futures due to their large notional size, but that would like to use futures on the VIX Index and are able to trade in a futures contract with a smaller notional size, would be able to utilize VXM futures to do so. Proprietary trading firms may provide liquidity to other market participants that trade in VXM futures or conduct trading strategies among VXM futures, VX futures, options on the VIX Index ("VIX options") listed for trading on Cboe Options, and other financial instruments that seek to track the performance of the VIX Index.

DCM Core Principles

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.

As described above, the VIX Index satisfies the conditions of the Joint Order. In the 2004 Order, the Commissions stated that:

> The Commissions believe that indexes satisfying these conditions are appropriately classified as broad based because they measure the magnitude of changes in the level of an underlying index that is a broad-based security index. In addition, the Commissions believe that futures contracts on indexes that satisfy the conditions of this exclusion should not be readily susceptible to manipulation because of the composition, weighting, and liquidity of the securities in the Underlying Broad-Based Security Index and the liquidity that the options comprising the index must have to qualify for the exclusion. Specifically, these factors should substantially reduce the ability to manipulate the price of a future on an index satisfying the conditions of the exclusion using the options comprising the index or the securities comprising the Underlying Broad-Based Security Index.[2]

The sixth condition under the 2004 Joint Order is that:

> Options on the Underlying Broad-Based Security Index are listed and traded on a national securities exchange registered under section 6(a) of the Exchange Act.

The 2009 Joint Order provided for the following alternative condition to the sixth condition under the 2004 Joint Order:

> The index options used to calculate the magnitude of change in the level of the

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[2] 2004 Joint Order, 69 FR 16900, 16901 (March 31, 2004).

underlying broad-based security index are listed for trading on an exchange and pricing information for the underlying broad-based security index, and options on such index, is computed and disseminated in real-time through major market data vendors.

In addition to satisfying the sixth condition under the 2004 Joint Order and the other conditions under the 2004 Joint Order, the VIX Index also satisfies the alternative to the original sixth condition that is provided for under the 2009 Joint Order. The Commissions stated the following in the 2009 Joint Order with respect to volatility indexes that satisfy the alternative to the original sixth condition under the 2009 Joint Order as well as the other conditions of the 2004 Joint Order:

> The Commissions believe that, when pricing information for the index underlying a volatility index and for the index options that compose the volatility index is current, accurate, and publicly available, it would minimize the ability to manipulate the index options used to calculate the volatility index. As a result, futures contracts on such a volatility index would not be readily susceptible to manipulation.[3]

As is described above, the final settlement value of a VXM future will be based entirely upon transaction prices or actionable bids and offers made competitively and transparently in a special opening auction process on Cboe Options, a national securities exchange that is subject to the regulation of the SEC. In its order approving the Cboe Options rule filing SR-CBOE-2019-034 that established the current special opening auction process ("SEC Order"),[4] the SEC stated, among other things, that:

> In particular, the [SEC] finds that the proposed rule change is consistent with Section 6(b)(5) of the [Exchange] Act, which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The [SEC] believes that the proposed opening auction process is consistent with the protection of investors and the public interest because it is designed to provide a fair and orderly opening for options traded on [Cboe Options].[5]
>
> * * * * *
>
> The [SEC] notes that all market participants will continue to be required to comply with current [Cboe Options] Rules 4.1 (Just and Equitable Principles of Trade), 4.7 (Manipulation), and 4.18 (Prevention of the Misuse of Material, Nonpublic Information). In addition, [Cboe Options] will continue to conduct surveillance to monitor all trading activity in constituent option series on exercise settlement value determination days, including but not limited to monitoring the entry of orders and quotes following the cut-off time, as well as compliance with other [Cboe Options] rules, which the [SEC] believes is essential to protect investors and the public interest.[6]

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[3] 2009 Joint Order, 74 FR 61116, 61117 (November 23, 2009).
[4] Securities Exchange Act Release No. 86879, 84 FR 47984 (September 11, 2019).
[5] Securities Exchange Act Release No. 86879, 84 FR 47984, 47988 (September 11, 2019).
[6] Securities Exchange Act Release No. 86879, 84 FR 47984, 47988 (September 11, 2019).

CFE also has rules that prohibit fraudulent, manipulative, and disruptive trading practices that will apply to trading in VXM futures, including among others, CFE Rule 601 (Fraudulent Acts), CFE Rule 603 (Market Manipulation), CFE Rule 604 (Adherence to Law), CFE Rule 620 (Disruptive Practices), and Policy and Procedure XVIII (Disruptive Trading Practices) of the Policies and Procedures Section of the CFE Rulebook. Activity encompassed by these rules includes prohibited activity that occurs directly through any trading, practice, or conduct in a CFE product or indirectly through any trading, practice, or conduct in the market of any commodity, security, index, or benchmark underlying a CFE product, regardless of the exchange on or market in which the underlying is transacted. Accordingly, these rules will apply to any prohibited activity under those rules that could occur directly through activity in VXM futures and to any prohibited activity under those rules that could occur indirectly in SPX options traded on Cboe Options.

CFE will actively surveil for potential manipulation of VXM futures, including through the utilization of CFE trading data and Cboe Options trading data. Cboe Options lists VIX options for trading on its market. CFE and Cboe Options have an information sharing agreement in place and conduct cross-product surveillance with respect to the special opening auction that is used to determine the final settlement value for VX futures and is also used to determine the exercise settlement value for VIX options.

CFE also represents that, to ensure the usefulness of the Product, CFE, among other things: (i) conducted market research so that the design of the Product meets the risk management needs of prospective users and promotes price discovery and (ii) consulted with market users and obtained their views and opinions during the contract design process to ensure that terms and conditions for the Product reflect the underlying cash 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 the other DCM Core Principles under Section 5 of the Act. In particular, CFE believes that the Product and Amendment are consistent with Core Principles 2 (Compliance with Rules), 4 (Prevention of Market Disruption), 5 (Position Limitations or Accountability), 7 (Availability of General Information), and 8 (Daily Publication of Trading Information) under Section 5 of the Act. CFE notes in this regard that: (i) CFE has rules that include prohibitions against market manipulation and fraudulent, non-competitive, and disruptive trading practices as well as trade practice and other rules that will govern and regulate to trading in VXM futures; (ii) the Amendment and information sharing agreement between CFE and Cboe Options will assist CFE in monitoring and enforcing compliance with CFE rules; (iii) the market-wide circuit breaker trading halt provisions and price limit provisions applicable to VXM futures and CFE risk controls will contribute toward reducing the potential risk of price distortions and market disruptions; (iv) the Amendment is initially establishing position accountability levels for VXM futures that are incorporated within the current position accountability levels for VX futures; (v) the chart that summarizes the product specifications for VXM futures will be posted and maintained on CFE's website; (vi) the Amendment makes clear the submission time frames for orders in VXM futures; and (vii) volume, open interest, settlement prices, and other price information for VXM 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://markets.cboe.com/us/futures/membership/futures_exchange_rules/) 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 or Michael Margolis at (312) 786-7153. Please reference our submission number CFE-2020-018 in any related correspondence.

Cboe Futures Exchange, LLC

/s/ Matthew McFarland

By: Matthew McFarland
Managing Director

Summary Product Specifications Chart
for Mini Cboe Volatility Index Futures

CONTRACT NAME:	Mini Cboe Volatility Index (VXM) Futures
LISTING DATE:	_____, 2020
DESCRIPTION:	The Cboe Volatility Index - more commonly referred to as the "VIX Index" - is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time prices of options on the S&P 500 Index listed on Cboe Exchange, Inc. ("Cboe Options") (Symbol: SPX). Only SPX options with Friday expirations are used to calculate the VIX Index. The VIX Index is calculated between 2:15 a.m. and 8:15 a.m. and between 8:30 a.m. and 3:15 p.m. All times referenced are Chicago time. Only SPX options with more than 23 days and less than 37 days to the Friday SPX expiration are used to calculate the VIX Index. These SPX options are then weighted to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index. Further information regarding the calculation of the VIX Index may be found in the VIX White Paper at http://www.cboe.com/micro/vix/vixwhite.pdf.
CONTRACT MULTIPLIER:	The contract multiplier for each VXM futures contract is $100.
TICKER SYMBOLS:	Cash Index – VIX

VXM Futures Symbols – VXM* and VXM01 through VXM53**. Embedded numbers denote the specific week of a calendar year during which a contract is settled. For symbology purposes, the first week of a calendar year is the first week of that year with a Wednesday on which a weekly VXM futures contract could expire.

*The final settlement value for a contract with the ticker symbol "VXM" is calculated using A.M.-settled SPX options.

**The final settlement value for a contract with the ticker symbol "VXM" followed by a number denoting the specific week of a calendar year is calculated using P.M.-settled SPX options. |
| **CONTRACT EXPIRATIONS:** | The Exchange may list for trading up to six near-term expiration weeks, nine near-term serial months, and five months on the February quarterly cycle for the VXM futures product. VXM futures that have a "VXM" ticker are not counted as part of the six near-term expiration weeks.

For example, if 4 near-term VXM expiration weeks, 3 near-term serial VXM months, and 1 VXM month on the February quarterly cycle were listed as of April 5, 2020, these expirations would have the following ticker symbols:

VXM14 (expiring Wednesday, April 8, 2020)
VXM (expiring Wednesday, April 15, 2020)
VXM16 (expiring Wednesday, April 22, 2020)
VXM17 (expiring Wednesday, April 29, 2020)
VXM18 (expiring Wednesday, May 6, 2020)
VXM (expiring Wednesday, May 20, 2020) |

	VXM (expiring Wednesday, June 17, 2020)
	VXM (expiring Wednesday, August 19, 2020)
TRADING HOURS:	**Type of Trading Hours** | **Monday - Friday**

TRADING HOURS:	

Type of Trading Hours	Monday - Friday
Extended	5:00 p.m. (previous day) to 8:30 a.m.
Regular	8:30 a.m. to 3:15 p.m.
Extended	3:30 p.m. to 4:00 p.m.

Market Orders for VXM futures will be accepted by the Exchange during regular trading hours for VXM futures following the completion of the opening process for a VXM futures contract when that contract is in an open state for trading. Market Orders for VXM futures will not be accepted by the Exchange during extended trading hours for VXM futures or during any other time period outside of regular trading hours for VXM futures. Any Market Orders for VXM futures received by the Exchange during a time period in which the Exchange is not accepting Market Orders for VXM futures will be automatically rejected or canceled back to the sender. Stop Limit Orders are permitted during regular and extended trading hours for VXM futures.

All times referenced are Chicago time.

TRADING PLATFORM:	CFE System
MINIMUM PRICE INTERVALS:	0.05 index points, equal to $5.00 per contract The individual legs and net prices of spread trades in VXM futures may be in increments of 0.01 index points, which has a value of $1.00.
PRICING CONVENTIONS:	Prices are stated in decimal format.
TRADE AT SETTLEMENT TRANSACTIONS:	Trade at Settlement ("TAS") transactions are permitted in VXM 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 VXM futures are (i) during extended trading hours, except during the extended trading hours period from 3:30 p.m. Chicago time to 4:00 p.m. Chicago time on a normal Business Day; and (ii) during regular trading hours until two minutes prior to the close of regular trading hours at the end of a Business Day. TAS transactions in an expiring VXM 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 VXM futures is from 0.50 index points below the daily settlement price to 0.50 index points above the daily settlement price. The permissible minimum increment for a TAS single leg transaction and a TAS spread transaction in VXM futures that is not a Block Trade or an Exchange of Contract for Related Position transaction is 0.01 index points. The permissible minimum increment for a TAS Block Trade (including as a spread transaction but not as a strip) and a TAS Exchange of Contract for Related Position transaction in VXM futures is 0.005 index points. Any TAS

transaction must satisfy the requirements of CFE Rule 404A.

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. VXMT is the ticker symbol for VXM TAS transactions.

The VXM TAS ticker symbol will map to the VXM futures symbol for that expiration week or expiration month. For example, if 4 near-term VXM expiration weeks, 3 near-term serial VXM months, and 1 VXM month on the February quarterly cycle were listed as of April 6, 2020, the TAS symbols would be the following:

VXM Futures Symbol	VXM TAS Symbol	Final Settlement Date
VXM14	VXMT14	April 8, 2020
VXM	VXMT	April 15, 2020
VXM16	VXMT16	April 22, 2020
VXM17	VXMT17	April 29, 2020
VXM18	VXMT18	May 6, 2020
VXM	VXMT	May 20, 2020
VXM	VXMT	June 17, 2020
VXM	VXMT	August 19, 2020

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 one Contract. 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:	Exchange of Contract for Related Position (ECRP) transactions may be entered into with respect to VXM futures contracts. Any ECRP transaction must satisfy the requirements of CFE Rule 414. The minimum price increment for an ECRP transaction involving VXM futures is 0.005 index points.
BLOCK TRADES:	The minimum Block Trade quantity for VXM futures is 2,000 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 and all legs of the Block Trade are exclusively for the purchase or exclusively for the sale of VXM futures contracts (a "strip"), the minimum Block Trade quantity for the strip is 3,000 contracts and each leg of the strip is required to have a minimum size of 1,000 contracts. If the Block Trade is executed as a spread transaction that is not a strip, one leg of the spread is required to have a minimum size of 2,000 contracts and the other leg(s) of the spread are each required to have a minimum size of 1,000 contracts. Any Block Trade must

	satisfy the requirements of CFE Rule 415. The minimum price increment for a Block Trade in VXM futures is 0.005 index points.
NO-BUST RANGE:	The CFE error trade policy may only be invoked for a trade price that is greater than 10% on either side of the market price of the applicable VXM 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 expiring VXM futures contracts end at 8:00 a.m. Chicago time on the final settlement date.
FINAL SETTLEMENT DATE:	The final settlement date for a contract with the "VXM" ticker symbol is on the Wednesday that is 30 days prior to the third Friday of the calendar month immediately following the month in which the contract expires. The final settlement date for a futures contract with the "VXM" ticker symbol followed by a number denoting the specific week of a calendar year is on the Wednesday of the week specifically denoted in the ticker symbol. If that Wednesday or the Friday that is 30 days following that Wednesday is a Cboe Options holiday, the final settlement date for the contract shall be on the business day immediately preceding that Wednesday.
FINAL SETTLEMENT VALUE:	The final settlement value for VXM futures shall be a Special Opening Quotation ("SOQ") of the VIX Index calculated from the sequence of "opening trade prices," under Cboe Options rules, of the constituent SPX options during the special opening auction conducted on Cboe Options on days when VXM futures settle. The opening price for any series in which there is no trade shall be the midpoint price of the highest bid price and lowest offer at the time that option opens. Subject to exceptions under Cboe Options rules, the "time to expiration" component used to calculate the SOQ shall account for the actual number of days and minutes until expiration for the constituent option series. For example, when Cboe Options is closed on a Wednesday due to an Exchange holiday, the amount of time until expiration used to calculate the final settlement value would be increased to reflect the extra calendar day between the day that the final settlement value is calculated and the day on which the constituent option series expire. As another example, subject to the exceptions above, if Cboe Options announces that the opening of trading in the constituent option series is delayed, the amount of time until expiration for the constituent option series used to calculate the final settlement value would be reduced to reflect the actual scheduled opening time of the constituent option series. The special opening auction process utilized in determining the SOQ is governed by Cboe Options rules. Related Cboe Options rules, including without limitation, Cboe Options Rule 5.31 (Opening Auction Process) and

	Cboe Options Rule 5.31(j) (Modified Opening Auction Process), may be found at http://markets.cboe.com/us/options/membership/options_exchange_rules/. Further information regarding the determination of the SOQ that is utilized as the final settlement value for futures on the VIX Index, including VXM futures, may be found at http://www.cboe.com/products/vix-index-volatility/vix-options-and-futures/vix-index/vix-faqs. The final settlement value will be rounded to the nearest $0.01. 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.
DELIVERY:	Settlement of VXM futures contracts 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 VXM futures multiplied by $100.
POSITION ACCOUNTABILITY:	VXM futures are subject to position accountability and position aggregation under CFE Rule 412A. A person is subject to the position accountability requirements set forth in Rule 412A if the person (i) owns or controls at any time more than the number of contracts net long or net short in all VX and VXM futures contracts combined that in the aggregate would exceed the equivalent of 50,000 VX futures contracts; (ii) owns or controls more than the number of contracts net long or net short in the expiring VX and VXM futures contracts combined that in the aggregate would exceed the equivalent of 30,000 VX futures, commencing at the start of trading hours for the Friday prior to the final settlement date of the expiring VX future; or (iii) owns or controls more than the number of contracts net long or net short in the expiring VX and VXM futures combined that in the aggregate would exceed the equivalent of 10,000 VX futures contracts, commencing at the start of trading hours for the Business Day immediately preceding the final settlement date of the expiring VX future. One VXM futures contract shall be deemed to be equivalent to one tenth (0.10) of one VX futures contract for this purpose. For purposes of this Rule, the start of trading hours for the Friday prior to the final settlement date of expiring VX futures and the start of trading hours for the Business Day immediately preceding the final settlement date of expiring VX futures shall occur upon commencement of the first period of extended trading hours for the trading session for that Business Day.
REPORTABLE POSITION LEVEL:	200 contracts

Cboe Futures Exchange, LLC
Rules

* * * * *

513A. Risk Controls

(a) - (b)   No changes.

(c)   *Net Long and Net Short Limits*.

(i)   Clearing Members shall have the ability to designate net long and net short limits by EFID and product.

(ii)   The number of contracts that are counted against a net limit on contracts bought (or sold) per Business Day is calculated by (i) determining the sum of the total contract size of currently resting buy (or sell) Orders and the total contract size of previous buy (or sell) executions during the Business Day and (ii) reducing that sum by the total contract size of previous executions during that Business Day on the opposite side. Resting Stop Limit Orders are counted as currently resting Orders for this purpose. For Spread Orders, the contract size of each individual leg is counted for this purpose.

(iii)   The CFE System shall reject or cancel back to the sender any incoming Order that, if it were to be accepted, would cause a net limit on the number of contracts bought (or sold) per Business Day to be exceeded when added to the number of contracts already counted against the limit. If the CFE System receives a Cancel Replace/Modify Order that, if the cancellation were to be processed and the Order were to be accepted, would cause a net limit on the number of contracts bought (or sold) per Business Day to be exceeded when added to the number of contracts already counted against the limit, the CFE System will process the cancellation and will reject or cancel back to the sender the replacement Order.

(iv)   Block Trades and Exchange of Contract for Related Position transactions shall be subject to and taken into account under net long and net short limits.

(v)   Net long and net short limits will collectively apply to non-TAS contracts in VX and VXM futures (with ticker symbols VX and VXM) and will separately collectively apply to TAS contracts in VX and VXM futures (with ticker symbols VXT and VXMT). For this purpose:

(A)   Order and execution quantities in VX and VXM contracts will be aggregated. One VXM futures contract shall be deemed to be equivalent to one tenth (0.10) of one VX futures contract.

(B)   Order and execution quantities in VXT and VXMT contracts will be aggregated. One VXMT futures contract shall be deemed to be equivalent to one tenth (0.10) of one VXT futures contract.

(d) - (m)   No changes.

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1202. Contract Specifications

(a) - (c)   No changes.

(d)   *Position Accountability*. VX futures are subject to position accountability under Rule 412A.

The position accountability levels for VX futures are: (i) ownership or control at any time of more than ~~50,000~~ the number of contracts net long or net short in all VX and VXM futures ~~contracts~~ combined that in the aggregate would exceed the equivalent of 50,000 VX futures contracts;~~,~~ (ii) ownership or control of more than ~~30,000~~ the number of contracts net long or net short in the expiring VX and VXM futures ~~contract~~ combined that in the aggregate would exceed the equivalent of 30,000 VX futures contracts, commencing at the start of trading hours for the Friday prior to the final settlement date of the expiring VX ~~futures~~ future; or (iii) ownership or control of more than ~~10,000~~ the number of contracts net long or net short in the expiring VX and VXM futures ~~contract~~ combined that in the aggregate would exceed the equivalent of 10,000 VX futures contracts, commencing at the start of trading hours for the Business Day immediately preceding the final settlement date of the expiring VX ~~futures~~ future. One VXM futures contract shall be deemed to be equivalent to one tenth (0.10) of one VX futures contract for this purpose.

For purposes of this Rule, the start of trading hours for the Friday prior to the final settlement date of an expiring VX ~~futures~~ future and the start of trading hours for the Business Day immediately preceding the final settlement date of an expiring VX ~~futures~~ future shall occur upon commencement of the first period of extended trading hours for the trading session for that Business Day.

For the purposes of this Rule, positions shall be aggregated in accordance with Rule 412A(f).

(e) - (r)   No changes.

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CHAPTER 17
MINI CBOE VOLATILITY INDEX FUTURES CONTRACT SPECIFICATIONS

1701.   Scope of Chapter

        This chapter applies to trading in futures on the Mini Cboe Volatility Index (Futures Symbol: VXM and VXM01 through VXM53 / Cash Index Ticker: VIX). 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. VXM futures were first listed for trading on the Exchange on _____.

1702.   Contract Specifications

(a)   *Multiplier*. The contract multiplier for each VXM futures contract is $100.00. For example, a contract size of one VXM futures contract would be $1,650 if the VIX index level were 16.5 (16.5 x $100.00).

(b)   *Schedule and Prohibited Order Types*. The Exchange may list for trading up to six near-term VXM futures expiration weeks, nine near-term serial months and five months on the February quarterly cycle for the VXM futures contract. VXM futures that have a "VXM" ticker are not counted as part of the six near-term expiration weeks.

The final settlement date for a contract with the "VXM" ticker symbol is on the Wednesday that is thirty days prior to the third Friday of the calendar month immediately following the month in which the contract expires. The final settlement date for a contract with the "VXM" ticker symbol followed by a number denoting the specific week of a calendar year is on the Wednesday of the week specifically denoted in the ticker symbol. For symbology purposes, the first week of a calendar year is the first week of that year with a Wednesday on which a weekly VXM futures contract could expire. If that Wednesday or the Friday that is thirty days following that Wednesday is a Cboe Options holiday, the final settlement date for the contract shall be on the business day immediately preceding that Wednesday.

The trading days for VXM futures are any Business Days the Exchange is open for trading.

The trading hours for VXM futures contracts are set forth in the charts below, except that the trading hours in an expiring VXM futures contract end at 8:00 a.m. Chicago time on its final settlement date. The trading hours for VXM futures contracts during extended trading hours and regular trading hours shall constitute a single trading session for a Business Day. All times set forth in the charts below are in Chicago time.

Trading Week with No Exchange Holiday. Unless otherwise specified below in relation to Exchange holidays, the following schedule applies.

__Type of Trading Hours__	__Monday – Friday__
Extended	5:00 p.m. (previous day) to 8:30 a.m.
Regular	8:30 a.m. to 3:15 p.m.
Extended	3:30 p.m. to 4:00 p.m.

Domestic Holidays Always Observed on Mondays. The below schedule applies when the following domestic holidays are observed: Martin Luther King, Jr. Day, Presidents' Day, Memorial Day and Labor Day.

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Type of Trading Hours	Monday	Tuesday
Extended	5:00 p.m. (Sunday) to 10:30 a.m.*	5:00 p.m. (Monday) to 8:30 a.m. and 3:30 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:15 p.m.

Thanksgiving.   The below schedule applies when the Thanksgiving Day holiday is observed.

Type of Trading Hours	Thanksgiving	Friday
Extended	5:00 p.m. (Wednesday) to 10:30 a.m.*	5:00 p.m. (Thursday) to 8:30 a.m.
Regular	None	8:30 a.m. to 12:15 p.m.

Floating Holidays and Good Friday: The below schedules apply when the following holidays are observed: New Year's Day, Good Friday, Independence Day (July 4) and Christmas Day. If the holiday falls on a Saturday, the holiday will be observed on the previous day (Friday), except for New Year's Day. If the holiday falls on a Sunday, the holiday will be observed on the next day (Monday). The holidays specified in the below charts refer to the day on which the Exchange observes the applicable holiday.   The Exchange will typically close at 12:15 p.m. on July 3 (the day before Independence Day) and December 24 (Christmas Eve). Holiday closures and shortened holiday trading hours will be announced by circular.

If New Year's Day or Christmas is on a Monday – Thursday:

Holiday	Type of Trading Hours	Holiday Observed (Monday - Thursday)
New Year's Day and Christmas	Extended	5:00 p.m. (on holiday) to 8:30 a.m. (day after holiday) and 3:30 p.m. to 4:00 p.m. (day after holiday)
New Year's Day and Christmas	Regular	8:30 a.m. to 3:15 p.m. (day after holiday)

Good Friday and if New Year's Day or Christmas is on a Friday:

Holiday	Type of Trading Hours	Holiday Observed (Friday)

Good Friday and if New Year's Day or Christmas on Friday	Extended	None
Good Friday and if New Year's Day or Christmas on Friday	Regular	None

Independence Day:

Type of Trading Hours	Holiday Observed	Business Day After Holiday Observed
Extended	5:00 p.m. (day before holiday) to 10:30 a.m.* (on holiday)	5:00 p.m. (on holiday or on Sunday if holiday observed on Friday) to 8:30 a.m. and 3:30 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:15 p.m.

*A holiday trading session includes extended trading hours on the calendar day of the holiday and any extended trading hours for the holiday on the previous calendar day. Holiday trading sessions are not separate Business Days and are part of the next Business Day. Trading in VXM futures is suspended between sessions of extended trading hours on the calendar day of a holiday. Since these suspension periods are a regular feature for certain holiday trading sessions in VXM futures, they shall not be considered the declaration of a trading halt by the Exchange. Trades in VXM futures made during a holiday trading session will be submitted for clearing for the next Business Day.

Market Orders for VXM futures will be accepted by the Exchange during regular trading hours for VXM futures following the completion of the opening process for a VXM futures Contract when that Contract is in an open state for trading. Market Orders for VXM futures will not be accepted by the Exchange during extended trading hours for VXM futures or during any other time period outside of regular trading hours for VXM futures. Any Market Orders for VXM futures received by the Exchange during a time period in which the Exchange is not accepting Market Orders for VXM futures will be automatically rejected or canceled back to the sender.

(c)   *Minimum Increments*. Except as provided in the following sentence, the minimum fluctuation of the VXM futures contract is 0.05 index points, which has a value of $5.00.

The individual legs and net prices of spread trades in the VXM futures contract may be in increments of 0.01 index points, which has a value of $1.00.

(d)   *Position Accountability*. VXM futures are subject to position accountability under Rule 412A.

The position accountability levels for VXM futures are: (i) ownership or control at any time of more than the number of contracts net long or net short in all VX and VXM futures combined that in the aggregate would exceed the equivalent of 50,000 VX futures contracts; (ii) ownership or control of more than the number of contracts net long or net short in the expiring VX and VXM futures combined that in the aggregate would exceed the equivalent of 30,000 VX futures contracts, commencing at the start of trading hours for the Friday prior to the final settlement date of the expiring VX future; or (iii) ownership or control of more than the number of contracts net long or net short in the expiring VX and VXM futures combined that in the aggregate would exceed the equivalent of 10,000 VX futures contracts, commencing at the start of trading hours for the Business Day immediately preceding the final settlement date of the expiring VX future. One VXM futures contract shall be deemed to be equivalent to one tenth (0.10) of one VX futures contract for this purpose.

For purposes of this Rule, the start of trading hours for the Friday prior to the final settlement date of an expiring VX future and the start of trading hours for the Business Day immediately preceding the final settlement date of an expiring VX future shall occur upon commencement of the first period of extended trading hours for the trading session for that Business Day.

For the purposes of this Rule, positions shall be aggregated in accordance with Rule 412A(f).

(e) *Termination of Trading*. Trading hours for expiring VXM futures contracts end at 8:00 a.m. Chicago time on the 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 VXM futures contracts.

(h) *Crossing Two or More 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 one Contract. 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 During Extended Trading Hours*. Pursuant to Rule 413, VXM futures are subject to the following price limits during extended trading hours:

        (A) Each VXM futures Contract shall have a price limit that is 70% above the daily settlement price for that VXM futures Contract for

the prior Business Day (an "Upper Price Limit") and a price limit that is 30% below the daily settlement price for that VXM futures Contract for the prior Business Day (a "Lower Price Limit"). An Upper Price Limit and a Lower Price Limit may also be referred to as a "Price Limit."

(B) The CFE System will not consummate the execution of any trade in a VXM futures Contract that is at a price that is more than the Upper Price Limit for that VXM futures Contract or that is less than the Lower Price Limit for that VXM futures Contract.

(C) The CFE System will reject or cancel back to the sender any Limit Order to buy with a limit price that is above the Upper Price Limit and any Limit Order to sell with a limit price that is below the Lower Price Limit. Upon the triggering of a Stop Limit Order, the CFE System will cancel the Stop Limit Order back to the sender if it is a Stop Limit Order to buy that is triggered to a limit price which is above the Upper Price Limit or is a Stop Limit Order to sell that is triggered to a limit price which is below the Lower Price Limit.

(D) The Upper Price Limit and Lower Price Limit will be applicable with respect to the execution of single leg VXM Orders. The Upper Price Limit and Lower Price Limit will apply to VXM Spread Orders in that each leg of a VXM Spread Order will be subject to the applicable Upper Price Limit and Lower Price Limit for that individual leg and may not be executed at a price that is more than the Upper Price Limit for that single leg VXM futures Contract or less than the Lower Price Limit for that single leg VXM futures Contract. The Upper Price Limit and Lower Price Limit shall not apply to TAS Orders because TAS transactions may only occur within a permissible price range.

(E) The price limit provisions of this Rule 1702(i)(i) shall be applicable during the opening process for a VXM futures Contract during extended trading hours.

(F) In calculating a Price Limit, the calculation will be rounded to the nearest minimum increment in the VXM futures Contract, with the midpoint between two consecutive increments rounded up.

(G) The daily settlement price that will be utilized to calculate the Price Limits for a newly listed VXM futures Contract will be the daily settlement price of the VXM futures Contract with the nearest expiration date in calendar days to the expiration date of the newly listed VXM futures Contract. If there is a VXM futures Contract with an earlier expiration date and a VXM futures Contract with a later expiration date that each meet this criterion, the daily settlement price of the VXM futures Contract with the earlier expiration date will be utilized.

(H) Notwithstanding any provisions of this Rule 1702(i)(i), the Trade Desk may, in its absolute and sole discretion, take any action it determines necessary to protect market integrity. For avoidance of doubt,

this authority includes, but is not limited to, modifying or eliminating the Price Limit parameters in this Rule 1702(i)(i) at any time. The senior person in charge of the Trade Desk may exercise the authority of the Trade Desk under this Rule 1702(i)(i)(H). The Trade Desk will promptly issue an alert with respect to actions taken pursuant to this Rule 1702(i)(i)(H).

(ii)   *Consideration of Halts and Price Limit Activation in Other Products and Markets*. In determining whether or not to halt trading in VXM futures under Rule 418(a)(ix) during extended trading hours, the Exchange shall take into consideration:

(A)   any trading halt in VX futures;

(B)   any trading halt in Cboe Volatility Index options and S&P 500 Index options traded on Cboe Options; and

(C)   any trading halt or price limit activation in the E-mini S&P 500 Index ("E-mini") futures contract traded on Chicago Mercantile Exchange.

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

*E-Mini® is a registered trademark of Chicago Mercantile Exchange, Inc. The Exchange and VXM futures are not affiliated with, and have not been authorized, sponsored, or otherwise approved by, Chicago Mercantile Exchange, Inc.

(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 VXM futures contracts. Any Exchange of Contract for Related Position transaction must satisfy the requirements of Rule 414.

The minimum price increment for an Exchange of Contract for Related Position involving the VXM futures contract is 0.005 index points.

(k)   *Block Trades*. Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for the VXM futures contract is 2,000 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 and all legs of the Block Trade are exclusively for the purchase or exclusively for the sale of VXM futures contracts (a "strip"), the minimum Block Trade quantity for the strip is 3,000 contracts and each leg of the strip is required to have a minimum size of 1,000 contracts. If the Block Trade is executed as a spread transaction that is not a strip, one leg of the spread is required to have a minimum size of 2,000 contracts and the other leg(s) of the spread are each required to have a minimum size of 1,000 contracts.

The minimum price increment for a Block Trade in the VXM futures contract is 0.005 index points.

(l)   *No-Bust Range*. Pursuant to Rule 416, the Exchange error trade policy may only be invoked for a trade price that is greater than 10% on either side of the market price of

the applicable VXM 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.

(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 VXM futures contracts 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 VXM futures contracts 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 a VXM futures Contract for purposes of calculating the Threshold Width in that VXM futures Contract.

(p)   *Daily Settlement Price*. The daily settlement price for a VXM futures Contract is the daily settlement price of the VX futures Contract that has the same final settlement date as the VXM futures Contract.

(q)   *Trade at Settlement Transactions*. Trade at Settlement ("TAS") transactions pursuant to Rule 404A are permitted in VXM 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 VXM futures are (i) during extended trading hours, except during the extended trading hours period from 3:30 p.m. Chicago time to 4:00 p.m. Chicago time on a normal Business Day; and (ii) during regular trading hours until two minutes prior to the close of regular trading hours at the end of a Business Day. TAS transactions in an expiring VXM 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 VXM futures is from 0.50 index points below the daily settlement price to 0.50 index points above the daily settlement price. The permissible minimum increment for a TAS single leg transaction and a TAS spread transaction in VXM futures that is not a Block Trade or an Exchange of Contract

for Related Position transaction is 0.01 index points. The permissible minimum increment for a TAS Block Trade (including as a spread transaction) and a TAS Exchange of Contract for Related Position transaction in VXM futures is 0.005 index points.

(r)   *Price Reasonability Checks*. The Limit Order price reasonability percentage parameters designated by the Exchange for VXM futures pursuant to Rule 513A(d) and the Market Order price reasonability percentage parameters designated by the Exchange for VXM futures pursuant to Rule 513A(e) shall each be 10%.

1703.   Settlement

Settlement of VXM futures contracts 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 VXM futures contract multiplied by $100.00. The final settlement price of the VXM futures contract will be rounded to the nearest $0.01.

Clearing Members holding open positions in VXM futures contracts 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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Policy and Procedure V. Emergency and Physical Emergency Delegations and Procedures (Rules 135 and 418)

A.   *Specific Emergency and Physical Emergency Delegations*

1.   Emergency Delegations

Chapter 1 defines the term "Emergency" and provides a non-exclusive list of circumstances that may constitute an Emergency.

Rule 418(a) grants the President or any individual designated by the President the authority to determine on behalf of the Board the existence of an Emergency and the authority to take actions in response to an 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 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(a), the following individuals in addition to the President are authorized as designees of the President to determine the existence of an Emergency and to take the actions specified in the delegations below in response to an 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 Emergency no longer exists or has sufficiently abated to permit the function of the Exchange to continue in an orderly manner.

The Senior Person in Charge of the Trade Desk refers to the individual in charge of the Trade Desk at the applicable time.

Rule	Emergency Actions	Emergency Delegations

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Rule	Emergency Actions	Emergency Delegations
1202(i)(i)(H) 1302(i)(i)(I) 1702(i)(i)(H) 2002(l)(i)(I) 2102(i)(i)(H) 2202(l)(i)(I) 2402(l)(i)(I) 2502(l)(i)(I) 418(a)(iv)	Action necessary to protect market integrity, such as imposing or modifying price limits with respect to any Contract	• Senior Person in Charge of Trade Desk

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Sections A.2. - B. of Policy and Procedure V   No changes.

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XIX.   Submission Time Frames (Rule 402(c))
All times referenced in this Policy and Procedure are Chicago time.

A.   Cboe Volatility Index ("VX"), Mini Cboe Volatility Index ("VXM"), Cboe Bitcoin (USD) ("XBT") and AMERIBOR Futures Submission Time Frames

The time frames during which Trading Privilege Holders may submit Orders (including Cancel Orders and Cancel Replace/Modify Orders) to the CFE System for VX, VXM, XBT and AMERIBOR futures are set forth in the chart below.

Time Frame	Period Type	What May be Submitted to CFE System

4:00 p.m.* to 5:00 p.m. (Sunday)	Queuing Period	Orders (except Market Orders, Immediate or Cancel Orders and Fill or Kill Orders)**
5:00 p.m. (previous day) to 8:30 a.m. (Monday – Friday)	Extended Trading Hours	Orders (except Market Orders) Orders (except Market Orders) until 8:00 a.m. in expiring VX or VXM future on its final settlement date
8:30 a.m. to 3:15 p.m. (Monday – Friday)	Regular Trading Hours	Orders (except Market Orders in XBT and AMERIBOR futures) Orders (except Market Orders) until 2:45 p.m. in expiring XBT future on its final settlement date
3:15 p.m. to 3:30 p.m. (Monday – Friday)	Queuing Period	Orders (except Market Orders, Immediate or Cancel Orders and Fill or Kill Orders)**
3:30 p.m. to 4:00 p.m. (Monday – Friday)	Extended Trading Hours	Orders (except Market Orders)
4:00 p.m. to 4:45 p.m. (Monday – Thursday)	Suspended	Nothing (except Cancel Orders after CFE System restart)
4:45 p.m.* to 5:00 p.m. (Monday – Thursday)	Queuing Period	Orders (except Market Orders, Immediate or Cancel Orders and Fill or Kill Orders)**
4:00 p.m. (Friday) to 4:00 p.m. (Sunday)	Suspended	Nothing (except Cancel Orders after CFE System restart)
5:00 p.m. (previous day) to 3:13 p.m. (Monday – Friday) (Solely for Trade at Settlement	Extended and Regular Trading Hours for all types of TAS transactions in VX and VXM futures	TAS Orders are accepted until 3:13 p.m. No TAS Orders are accepted

("TAS") transactions in VX and VXM futures)		from 3:13 p.m. to 4:45 p.m. (Monday – Thursday) No TAS Orders are accepted from 3:13 p.m. to 4:00 p.m. (Friday) TAS Orders are accepted from 4:00 p.m.*** to 5:00 p.m. during Queuing Period (Sunday) and from 4:45 p.m.*** to 5:00 p.m. during Queuing Period (Monday – Thursday)**
Whenever VX, VXM, XBT or AMERIBOR futures are in a queuing period	Queuing Period	Orders (except Market Orders, Immediate or Cancel Orders and Fill or Kill Orders)**
Whenever trading in VX, VXM, XBT or AMERIBOR futures is halted	Halted	Nothing (except Cancel Orders)
Whenever trading in VX, VXM, XBT or AMERIBOR futures is suspended	Suspended	Nothing (except Cancel Orders after CFE System restart)

*The queuing period at the beginning of a Business Day for VX, VXM, XBT and AMERIBOR non-TAS single leg Contract expirations and non-TAS spreads commences at the referenced start time for the queuing period plus a randomized time period from zero to three seconds.

**Orders permitted to be submitted to the CFE System during these times are not executable until extended or regular trading hours next commence or open trading resumes following a trading halt or suspension.

***The queuing period at the beginning of a Business Day for any VX, VXM, XBT and AMERIBOR TAS single leg Contract expirations and TAS spreads commences at the referenced start time for the queuing period plus a randomized time period from three to six seconds.

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

The queuing period for non-TAS single leg Contract expirations and non-TAS spreads in Exchange Contracts other than VX, VXM, XBT and AMERIBOR futures commences for each Business Day at 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, VXM, XBT and AMERIBOR futures commences for each

Business Day at 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, VXM, XBT and AMERIBOR 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, VXM, XBT and AMEIRBOR 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, VXM, XBT and AMERIBOR futures during the respective trading hours for these Contracts (except to the extent set forth in the rules governing the applicable Contract).

Sections C. - F. of Policy and Procedure XIX   No changes.

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