



August 23, 2018

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
Cboe[®] iBoxx[®] iShares[®] \$ High Yield Corporate Bond Index Futures
Submission Number CFE-2018-017

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 Cboe[®] iBoxx[®] iShares[®] \$ High Yield Corporate Bond Index futures (“IBHY 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 15 of CFE’s Rulebook regarding Cboe[®] iBoxx[®] iShares[®] Bond Index futures. A chart that summarizes the Product specifications is also attached. The terms and conditions for IBHY futures and the Amendment will become effective on September 10, 2018 (“Effective Date”). IBHY futures will 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.

IBHY futures are cash-settled futures on the iBoxx[®] iShares[®] \$ High Yield Corporate Bond Index (“IBXXIBHY Index”).

The IBXXIBHY Index provides a measure of the U.S. dollar denominated, sub-investment grade corporate bond market. The IBXXIBHY Index is designed to reflect the performance of U.S. dollar denominated, high yield corporate debt, offering broad coverage of the U.S. dollar denominated, high yield liquid bond universe. The bonds included in the IBXXIBHY Index have an aggregate outstanding notional amount in excess of \$860 billion. As of July 31, 2018, the IBXXIBHY Index included 968 constituents. Markit Indices Limited (“Markit”) owns, compiles, and publishes the IBXXIBHY Index. Markit is a leading provider of independent data, portfolio valuations, and over-the-counter derivatives trade processing to the financial markets.

The IBXXIBHY Index composition is rebalanced once a month on the last business day of the month. The IBXXIBHY Index is rebalanced by comparing the bonds included in the iBoxx[®] \$ High Yield Developed Markets Index (“Benchmark Index”) and the bonds included in the portfolio of the iShares[®] iBoxx[®] \$ High Yield Corporate Bond ETF (“HYG ETF”). The bonds included in the IBXXIBHY Index on the first business day of the month will generally match the bonds that are in common in both the Benchmark Index and the portfolio holdings of the HYG ETF as of the last business day of the prior month. Among the types of debt securities that may be included in the IBXXIBHY Index are fixed coupon bonds, step-up bonds, sinking funds or amortizing bonds,

medium term notes, Rule 144A offerings, callable bonds, and puttable bonds. Preferred shares, convertible bonds, and bonds with other equity features (such as options or warrants) are among the instrument bond types that are excluded from the IBXXIBHY Index.

The bonds included in the IBXXIBHY Index and the HYG ETF portfolio can differ if the HYG ETF holds bonds not included in the Benchmark Index. The bonds included in the IBXXIBHY Index and the HYG ETF portfolio also can differ during a month after the first business day of the month if the HYG ETF portfolio changes during the month and can differ on the first business day of the month if the HYG ETF portfolio were to change on the first business day of the month. For example, if a bond in the HYG ETF portfolio is redeemed during a month, the HYG ETF may replace that bond in its portfolio with a different bond during the month whereas the IBXXIBHY Index constituents are only adjusted once a month based on the HYG ETF portfolio constituents that are in common with constituents in the Benchmark Index on the last business day of the month.

Markit values each of the constituents of the IBXXIBHY Index using a multi-sourced pricing methodology that takes into account transaction data and other data inputs. The weight of a given bond in the IBXXIBHY Index is the market value of the bond divided by the overall market value of the IBXXIBHY Index. The IBXXIBHY Index is calculated as end-of-day and distributed once daily. The IBXXIBHY Index is calculated every weekday except on common U.S. bank holidays. In addition, the IBXXIBHY Index is calculated with the previous trading day's close on the last calendar day of each month if that day is not a trading day.

The Benchmark Index represents the performance of a broad coverage of the U.S. dollar denominated, high yield bond universe. Markit owns, compiles, and publishes the Benchmark Index. There is no limit to the number of issues in the Benchmark Index. As of July 31, 2018, the Benchmark Index included 1,950 constituents. The bonds eligible for inclusion in the Benchmark Index include U.S. dollar-denominated, high yield corporate bonds that: (i) are issued by companies domiciled in countries classified as developed markets by Markit; (ii) have a Markit iBoxx® Rating of sub-investment grade; (iii) have at least \$200 million of outstanding face value; (iv) have at least one year to maturity; and (v) have at least one year and 6 months to maturity for new index insertions. (Markit iBoxx Ratings incorporate ratings from Fitch Ratings, Inc. ("Fitch"), Moody's Investors Service ("Moody's"), or S&P Global Ratings. Sub-investment grade bonds include bonds that are not in default rated lower than BB+ by S&P Global Ratings and Fitch and bonds rated lower than Ba1 by Moody's. If more than one agency provides a rating, the average rating is attached to the bond.)

The HYG ETF seeks to track the investment results of the Markit iBoxx® \$ Liquid High Yield Index ("IBOXHY Index"), which is a rules-based index consisting of liquid, U.S. dollar-denominated, high yield corporate bonds. Like the IBXXIBHY Index and the Benchmark Index, Markit owns, compiles, and publishes the IBOXHY Index. The IBOXHY Index is a subset of the Benchmark Index and is designed to provide a broad representation of the U.S. dollar-denominated, liquid high yield corporate bond market. The IBOXHY Index is a market-value weighted index with a cap on each issuer of 3%. There is no limit to the number of issues in the IBOXHY Index. As of July 31, 2018, the IBOXHY Index included 957 constituents. The bonds eligible for inclusion in the IBOXHY Index include U.S. dollar-denominated high yield corporate bonds that: (i) are issued by companies domiciled in countries classified as developed markets by Markit; (ii) have an average rating of sub-investment grade (based on the same criteria that are described above with respect to the Benchmark Index); (iii) are from issuers with non-convertible bonds with at least \$1 billion outstanding face value; (iv) have at least \$400 million of outstanding face value; (v) have an original maturity date of 15 years or less; (vi) have at least one year to maturity; and (vii) have

at least one year and 6 months to maturity for new index insertions.

BlackRock Fund Advisors (“BFA”), the investment advisor to the HYG ETF, uses a representative sampling indexing strategy to manage the HYG ETF. “Representative sampling” is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of an applicable underlying index. The HYG ETF may or may not hold all of the securities in the IBOXHY Index. The HYG ETF concentrates its investments (i.e., holds 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the IBOXHY Index is concentrated. The degree to which these components represent certain industries may change over time.

The HYG ETF generally will invest at least 90% of its assets in the component securities of the IBOXHY Index and may invest up to 10% of its assets in certain futures, options, and swap contracts, cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates (“BlackRock Cash Funds”), as well as in securities not included in the IBOXHY Index, but which BFA believes will help the HYG ETF track the IBOXHY Index. From time to time when conditions warrant, however, the HYG ETF may invest at least 80% of its assets in the component securities of the IBOXHY Index and may invest up to 20% of its assets in certain futures, options, and swap contracts, cash and cash equivalents, including shares of BlackRock Cash Funds, as well as in securities not included in the IBOXHY Index, but which BFA believes will help the HYG ETF track the IBOXHY Index. The HYG ETF seeks to track the investment results of the IBOXHY Index before fees and expenses of the HYG ETF.

Because the components of the IBHY Index are derived from the intersection of the components of the Benchmark Index and HYG ETF portfolio, CFE generally expects the IBXXIBHY Index to be highly correlated with the HYG ETF. However, the IBXXIBHY Index does differ from the HYG ETF in a number of ways. Among these are that:

- The IBXXIBHY Index value is determined by the value of each of the individual components of the IBXXIBHY Index rather than by the value of a single instrument such as the trade price of the HYG ETF.
- The market value of the HYG ETF is determined by the price of the ETF shares based on supply and demand for the HYG ETF and the market’s view of the value of the ETF holdings and the value of IBXXIBHY Index is determined by how Markit values each of the individual constituents within the IBXXIBHY Index.
- The bonds included in the IBXXIBHY Index can differ from the bonds included in the HYG ETF portfolio as further described above.
- The IBXXIBHY Index does not actually hold a portfolio of bonds and therefore does not incur the expenses incurred by the HYG ETF, such as transaction costs.
- The cash in the IBXXIBHY Index from coupon payments and redemptions is not reinvested into the IBXXIBHY Index until month end and does not earn interest.
- The HYG ETF can hold assets that are not constituents of the IBXXIBHY Index such as certain futures, options, swap contracts, and securities not included in the IBXXIBHY Index.

Accordingly, CFE views the IBXXIBHY future to be a future on a broad-based securities index rather than a future on an ETF.

Additionally, there are circumstances in which the composition and weights of the IBXXIBHY Index will be revised to the composition and weights of the IBOXHY Index if the bond constituents of the IBXXIBHY and IBOXHY Indexes deviate in excess of certain defined limits. These limits are designed to keep the IBXXIBHY Index within certain risk parameter boundaries of the IBOXHY Index. These limits include if (i) the weight difference in each rating bucket exceeds 5%; (ii) the weight difference in each sector exceeds 5%; (iii) the average duration difference exceeds 1 year; (iv) the average yield difference exceeds 1%; (v) the number of holdings in common is less than 50%; or (vi) the bonds not part of the IBOXHY Index exceed an aggregate weighting of 5% of the IBXXIBHY Index. There may also be disruption events in which Markit may depart from the index methodology for the IBXXIBHY Index in order to obtain a result that preserves the economic intent of the IBXXIBHY Index. For example, Markit may revise the composition and weights of the IBXXIBHY Index to the composition and weights of the IBOXHY Index if the HYG ETF has experienced trading disruptions or ceased trading on the exchange of its primary listing. Additionally, Markit may revise the composition and weights of the IBXXIBHY Index to the composition and weights of the IBOXHY Index if on the last business day of the month Markit is unable to obtain information regarding the portfolio holdings of the HYG ETF needed to determine the IBXXIBHY Index composition.

The above description is intended to be a high level summary of the IBXXIBHY Index, Benchmark Index, HYG ETF, and IBOXHY Index as of the date of this filing. The following materials may be referenced for further information regarding each and the methodology for each:

- IBXXIBHY Index: iBoxx[®] iShares[®] \$ High Yield Corporate Bond Index Guide, as of May 2018, which may be accessed at <http://www.markit.com/Company/Files/DownloadFiles?CMSID=5ba7a39a658845749b685268a3c58828>;
- Benchmark Index: iBoxx[®] \$ High Yield Developed Markets Index Guide, as of May 2018, which may be accessed at <http://www.markit.com/Company/Files/DownloadFiles?CMSID=2493698484d74daa93057712fbc803b0>;
- HYG ETF: Prospectus for iShares[®] iBoxx[®] \$ High Yield Corporate Bond ETF, as of June 29, 2018, which may be accessed at <https://www.ishares.com/us/library/stream-document?stream=reg&product=ISHHYLD&shareClass=NA&documentId=925985%7E925960%7E926213%7E925660%7E925574&iframeUrlOverride=%2Fus%2Fliterature%2Fprospectus%2Fp-ishares-iboxx-high-yield-corporate-bond-etf-2-28.pdf>; and
- IBOXHY Index: Markit iBoxx[®] \$ Liquid High Yield Index Guide, as of July 2017, which may be accessed at <http://www.markit.com/Company/Files/DownloadFiles?CMSID=ee7a23b40f304b8b99b999549dfa1d5f>.

The IBXXIBHY Index, Benchmark Index, HYG ETF, and IBOXHY Index, the above information regarding each, and the above-referenced documents regarding each may change over time.

The rule chapter setting forth the contract specifications for IBHY futures will be Chapter 15 of the CFE Rulebook. This rule chapter is entitled Cboe® iBoxx® iShares® Bond Index Futures. The terms and conditions and rules for IBHY futures are structured so that futures on additional iBoxx® iShares® Bond Indexes (“Corporate Bond Indexes” or “CB Indexes”) can easily be incorporated into the terms and conditions and rules since CFE contemplates the potential to offer trading in futures on one or more additional CB Indexes going forward. If CFE were to add futures on an additional CB Index, CFE would submit an additional product certification filing to the Commission for the futures on that index. In that event, all of the futures on a particular CB Index will be treated as a separate product.

CFE may list up to four near-term serial months (“serial” contracts) and four months on the quarterly cycle (“quarterly” contracts) for each CB Index futures product. The final settlement date for “serial” and “quarterly” CB Index futures is generally the first business day of the calendar month denoted by the ticker symbol for the contract. The trading hours on CFE for CB Index futures are from 8:30 a.m. Chicago time to 3:15 p.m. Chicago time, except that on its final settlement date the trading hours for an expiring CB Index futures contract will terminate at 2:00 p.m. Chicago time.

Trade at Settlement (“TAS”) transactions are permitted in CB Index futures pursuant to CFE Rule 404A. The trading hours for TAS transactions in CB Index futures are during the trading hours for CB Index futures. TAS transactions in an expiring CB Index futures contract are not permitted during the business day of its final settlement date.

The final settlement value of an expiring CB Index future will be the closing index value of the applicable CB Index on the final settlement date as determined by Markit. Accordingly, the final settlement value of an expiring IBHY future will be the closing index value as determined by Markit of the IBHY Index on the final settlement date. Like with other CFE products, CFE rules for CB Index futures provide that 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 (“OCC”).

CFE believes that IBHY futures could be used by a number of different groups for commercial purposes. Among the groups that may find IBHY futures to be useful in connection with their investment and trading activities are insurance companies, pensions and endowments, Commodity Trading Advisors (“CTAs”), proprietary trading firms, and asset managers. For example: Insurance companies with large bond portfolios may find IBHY futures useful for hedging and/or asset allocation and may find IBHY futures to be less capital-intensive than trading the HYG ETF. Pensions and endowments with large bond portfolios that are not permitted by their mandate to hold equities may also find IBHY futures to be useful for hedging and/or asset allocation. CTAs and proprietary trading firms may find IBHY futures to be a vehicle for implementing trading strategies related to corporate bonds. Proprietary trading firms may also find IBHY futures to be useful for hedging exposure to the HYG ETF. Asset managers may find IBHY futures to be useful for hedging credit or interest rate risk of high yield corporate bond holdings.

CFE believes that the IBXXIBHY Index qualifies as a broad-based security index composed of debt securities and that the IBXXIBHY Index satisfies the exclusion from the definition of narrow-based security index for indexes composed of debt securities pursuant to Commission Regulation 41.15.

Markit has granted a license to Cboe Exchange, Inc. (“Cboe Options”) and its affiliated

exchanges, including CFE, which permits CFE to list IBHY futures for trading. 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 certifies that IBHY futures comply with the Act and the rules thereunder.

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. In particular, the test under Commission Regulation 41.15 for the exclusion from the definition of narrow-based security index for debt security indexes includes satisfaction of requirements relating to, among other things, minimum number of constituents, maximum weighting and concentration of securities of an issuer, eligibility conditions for issuers, minimum remaining outstanding principal amount of issuers, and public availability of information about issuers. CFE believes that the IBXXIBHY Index satisfies this test and that satisfaction of this test, coupled with the large number of constituents in the IBXXIBHY Index and the significant aggregate outstanding notional amount of the bonds included in the IBXXIBHY Index, contribute to making IBHY futures not readily susceptible to manipulation. CFE also represents that, to ensure the usefulness of the Product, CFE, among other things: (1) conducted market research so that the design of IBHY futures meets the risk management needs of prospective users and promotes price discovery and (2) consulted with market users and obtained their views and opinions during the contract design process to ensure that IBHY futures terms and conditions reflect the underlying U.S. dollar denominated, sub-investment grade corporate bond 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 Core Principles 5 (Position Limitations or Accountability), 7 (Availability of General Information), and 8 (Daily Publication of Trading Information) under Section 5 of the Act. The Exchange notes in this regard that: (i) the Amendment establishes an appropriate position limit level for IBHY futures in light of the broad-based nature of the IBXXIBHY Index, the significant aggregate outstanding notional amount of the bonds included in the IBXXIBHY Index, which is in excess of \$860 billion, and that a 10,000 contract futures position would equate to approximately \$1.2 billion in notional at current value, which is a small percentage of the aggregate notional amount of the IBXXIBHY Index; (ii) the chart that summarizes the product specifications will be posted and maintained on CFE’s website; and (iii) volume, open interest, settlement prices, and other price information for IBHY 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://cfe.cboe.com/aboutcfe/rules.aspx>) 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 Nicole Gordon at (312) 786-8109. Please reference our submission number CFE-2018-017 in

any related correspondence.

Cboe Futures Exchange, LLC

[/s/ Matthew McFarland](#)

By: Matthew McFarland
Managing Director

**Summary Product Specifications Chart
for Cboe® iBoxx® iShares® Bond Index Futures**

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| CONTRACT NAME: | Cboe® iBoxx® iShares® \$ High Yield Corporate Bond Index Futures | | |
| LISTING DATE: | _____, 2018 | | |
| DESCRIPTION: | <p>Cboe® iBoxx® iShares® \$ High Yield Corporate Bond Index futures (“IBHY futures”) are cash-settled futures on the iBoxx® iShares® \$ High Yield Corporate Bond Index (“IBXXIBHY Index”). The IBXXIBHY Index provides a measure of the U.S. dollar denominated, sub-investment grade corporate bond market.</p> <p>The Exchange may also list futures on one or more additional iBoxx® iShares® Bond Indexes (“CB Indexes”). In that event, all of the futures on a particular CB Index will be treated as a separate product.</p> | | |
| CONTRACT MULTIPLIER: | The contract multiplier for CB Index futures is \$1000. | | |
| TICKER SYMBOLS: | <p>iBoxx® iShares® \$ High Yield Corporate Bond Index Futures Symbol – IBHY Cash Index Symbol –IBXXIBHY</p> | | |
| CONTRACT EXPIRATIONS: | The Exchange may list for trading up to four near-term serial months (“serial” contracts) and four months on the March quarterly cycle (“quarterly” contracts) for each CB Index futures product. | | |
| TRADING HOURS: | <p>The trading hours for CB Index futures are:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">Monday – Friday</td> </tr> <tr> <td style="text-align: center;">8:30 a.m. to 3:15 p.m.</td> </tr> </table> <p>The trading hours for an expiring CB futures contract end at 2:00 p.m. on its final settlement date.</p> <p>Market Orders for CB Index futures will not be accepted. Any Market Orders for CB Index futures received by the Exchange will be automatically rejected or canceled back to the sender. Stop Limit Orders are permitted during trading hours for the CB Index futures.</p> <p>All times referenced are Chicago time.</p> | Monday – Friday | 8:30 a.m. to 3:15 p.m. |
| Monday – Friday | | | |
| 8:30 a.m. to 3:15 p.m. | | | |
| TRADING PLATFORM: | CFE System | | |
| MINIMUM PRICE INTERVALS: | <p>0.01 index points (equal to \$10.00 per contract).</p> <p>The individual legs and net prices of spreads in CB Index futures may be in increments of 0.01 index points.</p> | | |
| PRICING CONVENTIONS: | Prices are stated in decimal format. | | |
| TRADE AT SETTLEMENT TRANSACTIONS: | Trade at Settlement (“TAS”) transactions are permitted in CB Index 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 | | |

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| | <p>transactions. The trading hours for all types of TAS transactions in CB Index futures are during the trading hours for CB Index futures. TAS transactions in an expiring CB Index futures contract are not permitted during the Business Day of its final settlement date.</p> <p>The permissible price range for all types of TAS transactions in CB Index futures is from 0.10 index points below the daily settlement price to 0.10 index points above the daily settlement price. The permissible minimum increment for a TAS single leg transaction, a TAS spread transaction, a TAS Block Trade (including as a spread transaction) and a TAS Exchange of Contract for Related Position transaction in CB Index futures is 0.005 index points. Any TAS transaction must satisfy the requirements of CFE Rule 404A.</p> <p>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.</p> <p>The ticker symbol for IBHY futures TAS transactions is IBHYT.</p> |
| CROSSING: | <p>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 ten contracts. 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.</p> |
| PRE-EXECUTION DISCUSSIONS | <p>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.</p> |
| EXCHANGE OF CONTRACT FOR RELATED POSITION TRANSACTIONS: | <p>Exchange of Contract for Related Position (ECRP) transactions may be entered into with respect to CB Index futures. Any ECRP transaction must satisfy the requirements of CFE Rule 414.</p> <p>For any ECRP transaction involving IBHY futures, the related position portion of the transaction must be in one of the following Exchange Traded Products: iShares® iBoxx® \$ High Yield Corporate Bond ETF (Ticker: HYG) and iShares® \$ High Yield Corp Bond UCITS ETF (Ticker: SHYU).</p> <p>The minimum price increment for an ECRP transaction involving CB Index futures is 0.005 index points.</p> |
| BLOCK TRADES: | <p>The minimum Block Trade quantity for CB Index futures is 50 contracts if there is only one leg involved in the trade. If the Block Trade is executed as a transaction with legs in multiple</p> |

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| | <p>contract expirations, each leg must meet the minimum Block Trade quantity for CB Index futures. Any Block Trade must satisfy the requirements of CFE Rule 415.</p> <p>The minimum price increment for a Block Trade in CB Index futures is 0.005 index points.</p> |
| NO-BUST RANGE: | <p>The CFE error trade policy may only be invoked for a trade price that is greater than .25% on either side of the market price of the applicable CB Index futures Contract. In accordance with Policy and Procedure III, the Trade Desk will determine what the true market price for the relevant Contract was immediately before the potential error trade occurred. In making that determination, the Trade Desk may consider all relevant factors, including the last trade price for such Contract, a better bid or offer price, a more recent price in a different contract expiration and the prices of related contracts trading on the Exchange or other markets.</p> |
| TERMINATION OF TRADING: | <p>Trading hours for an expiring CB Index future ends at 2:00 p.m. Chicago time on its final settlement date.</p> |
| FINAL SETTLEMENT DATE: | <p>The final settlement date for an CB Index future is the first business day of the calendar month denoted by the ticker symbol for the contract.</p> <p>If the final settlement date is a CFE holiday, the final settlement date shall be the business day immediately following the holiday.</p> |
| FINAL SETTLEMENT VALUE: | <p>The final settlement value of an expiring CB Index future shall be the closing index value of the applicable CB Index on the final settlement date as determined by Markit Indices Limited.</p> <p>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.</p> <p>The final settlement value will be rounded to the nearest \$0.01.</p> |
| DELIVERY: | <p>Settlement of CB Index futures 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 CB Index future multiplied by \$1000.</p> |
| POSITION LIMITS: | <p>CB Index futures are subject to position limits under Rule 412.</p> <p>A person may not own or control more than 10,000 contracts net long or net short in all expirations combined for each CB Index futures product.</p> |

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| | <p>For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding shall be cumulated.</p> <p>The foregoing position limit shall not apply to positions that are subject to a position limit exemption meeting the requirements of Commission Regulations and CFE Rules.</p> |
| <p>REPORTABLE POSITION LEVEL:</p> | <p>200 contracts for each CB Index futures product.</p> |
| <p>MARKIT DISCLAIMERS AND TRADEMARKS</p> | <p>The iBoxx iShares \$ High Yield Corporate Bond Index (the “Index”) referenced herein is the property of Markit Indices Limited (“Index Sponsor”) and has been licensed for use in connection with Cboe iBoxx iShares \$ High Yield Corporate Bond Index Futures. Each party to a Cboe iBoxx iShares \$ High Yield Corporate Bond Index Futures transaction acknowledges and agrees that the transaction is not sponsored, endorsed or promoted by the Index Sponsor. The Index Sponsor makes no representation whatsoever, whether express or implied, and hereby expressly disclaims all warranties (including, without limitation, those of merchantability or fitness for a particular purpose or use), with respect to the Index or any data included therein or relating thereto, and in particular disclaims any warranty either as to the quality, accuracy and/or completeness of the Index or any data included therein, the results obtained from the use of the Index and/or the composition of the Index at any particular time on any particular date or otherwise and/or the creditworthiness of any entity, or the likelihood of the occurrence of a credit event or similar event (however defined) with respect to an obligation, in the Index at any particular time on any particular date or otherwise. The Index Sponsor shall not be liable (whether in negligence or otherwise) to the parties or any other person for any error in the Index, and the Index Sponsor is under no obligation to advise the parties or any person of any error therein.</p> <p>The Index Sponsor makes no representation whatsoever, whether express or implied, as to the advisability of purchasing or selling Cboe iBoxx iShares \$ High Yield Corporate Bond Index Futures, the ability of the Index to track relevant markets’ performances, or otherwise relating to the Index or any transaction or product with respect thereto, or of assuming any risks in connection therewith. The Index Sponsor has no obligation to take the needs of any party into consideration in determining, composing or calculating the Index. No party purchasing or selling Cboe iBoxx iShares \$ High Yield Corporate Bond Index Futures, nor the Index Sponsor, shall have any liability to any party for any act or failure to act by the Index Sponsor in connection with the determination, adjustment, calculation or maintenance of the Index.</p> |

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| | iBoxx [®] is a service mark of IHS Markit Limited. |
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(Additions are shown in underlined text and deletions are shown in [bracketed] text)

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**Cboe Futures Exchange, LLC
Rulebook**

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**CHAPTER 15
[RESERVED]
CBOE® iBOXX® iSHARES® BOND INDEX FUTURES
CONTRACT SPECIFICATIONS**

1501. Scope of Chapter

This chapter applies to trading in Cboe® iBoxx® iShares® Bond Index futures.* 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. The Exchange may list the following Cboe® iBoxx® iShares® Bond Index futures for trading on the Exchange:

Cboe® iBoxx® iShares® \$ High Yield Corporate Bond Index Futures (“IBHY futures”)

In the event that the Exchange lists futures on one or more additional iBoxx® iShares® Bond Indexes (“CB Indexes”), all of the futures on a particular CB Index will be treated as a separate product.

The Exchange first listed CB Index futures for trading on the Exchange on _____.

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1502. Contract Specifications

(a) *Multiplier.* The contract multiplier for each CB Index future is \$1,000. For example, a contract size of one CB Index futures contract would be \$125,310 if the respective CB Index level was 125.31 (125.31 x \$1,000.00).

(b) *Schedule and Prohibited Order Types.* The Exchange may list for trading up to four near-term serial months and four months on the March quarterly cycle for each CB Index futures product. The final settlement date for an CB Index future is the first business day of the calendar month denoted by the ticker symbol for the Contract. If the final settlement date is a CFE holiday, the final settlement date shall be the business day immediately following the holiday.

The trading days for CB Index futures are any Business Day the Exchange is open for trading.

The trading hours for CB Index futures are from 8:30 a.m. to 3:15 p.m. Chicago time, except that the trading hours for an expiring CB Index future end at 2:00 p.m. Chicago time on its final settlement date. Non-expiring CB Index futures continue to trade until 3:15 p.m. Chicago time on that date.

Market Orders for CB Index futures will not be accepted by the Exchange for CB Index futures. Any Market Orders for CB Index futures received by the Exchange will be automatically rejected or canceled back to the sender.

(c) *Minimum Increments.* The minimum fluctuation of CB Index futures is 0.01 index points, which has a value of \$10.00 per contract.

The individual legs and net prices of spread trades in CB Index futures may be in increments of 0.01 index points, which has a value of \$10.00 per contract.

(d) *Position Limits.* CB Index futures are subject to position limits under Rule 412.

A person may not own or control more than 10,000 contracts net long or net short in all expirations combined for each CB Index futures product.

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding shall be cumulated.

The foregoing position limit shall not apply to positions that are subject to a position limit exemption meeting the requirements of Commission Regulations and CFE Rules.

(e) *Termination of Trading.* Trading hours for an expiring CB Index future end at 2:00 p.m. Chicago time on its 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 CB Index futures.

(h) *Crossing Two 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 ten Contracts. 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.* Pursuant to Rule 413, CB Index futures are not subject to price limits.

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

(iii) *Halts in Other Markets.* CFE shall halt trading in an CB futures product during any regulatory halt by the primary listing market in the exchange-traded fund with holdings that are used in determining the constituents of the CB Index underlying that CB Index futures product. The Exchange shall commence a trading halt in an CB Index futures product pursuant to this Rule 1502(i)(iii) as soon as practicable following the initiation of the regulatory halt by the primary listing market in the applicable exchange-traded fund, and there may be time between the initiation of the regulatory halt and the commencement of the trading halt in the CB Index futures product.

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

For any ECRP transaction involving IBHY futures, the related position portion of the transaction must be in one of the following Exchange Traded Products: iShares iBoxx \$ High Yield Corporate Bond ETF (Ticker: HYG) and iShares \$ High Yield Corp Bond UCITS ETF (Ticker: SHYU).

The minimum price increment for an Exchange of Contract for Related Position involving CB Index futures is 0.005 index points.

(k) *Block Trades.* Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for CB Index futures is 50 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, each leg must meet the minimum Block Trade quantity for CB Index futures. Any Block Trade must satisfy the requirements of Rule 415.

The minimum price increment for a Block Trade in CB Index futures is 0.005 index points.

(l) *No-Bust Range.* Pursuant to Rule 416, the CFE error trade policy may only be invoked for a trade price that is greater than .25% on either side of the market price of the applicable CB Index futures Contract. In accordance with Policy and Procedure III, the Trade Desk will determine what the true market price for the relevant Contract was immediately before the potential error trade occurred. In making that determination, the Trade Desk may consider all relevant factors, including the last trade price for such Contract, a better bid or offer price, a more recent price in a different contract month and the prices of related contracts trading in other markets.

(m) *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 an CB Index futures Contract 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 contracts in an CB Index futures product 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 each CB Index future for purposes of calculating the Threshold Width in that CB Index future.

(p) Daily Settlement Price. The daily settlement price for an CB Index futures Contract will be calculated in the following manner for each Business Day:

(i) If both the last best bid and the last best offer for the CB Index futures Contract during the applicable Business Day do not have a value of zero, the daily settlement price for the CB Index futures Contract will be the average of the last best bid and last best offer.

(ii) If either the last best bid or last best offer for the CB Index futures Contract has a value of zero, the daily settlement price for the CB Index futures Contract will be the average of the most recent two-sided market in the CB Index futures Contract without a bid or an offer with a value of zero during the applicable Business Day.

(iii) If there is no two-sided market in the CB Index futures Contract during the applicable Business Day prior to the close of trading hours on that Business Day with both a bid and an offer that do not have a value of zero, the daily settlement price for the CB Index futures Contract will be the daily settlement price of the futures Contract on the same CB Index with the nearest expiration date in calendar days to the expiration date of the CB Index futures Contract for which the daily settlement price is being determined. If there is an CB Index futures Contract with an earlier expiration date and an CB Index futures Contract with a later expiration date that each meet this criterion, the daily settlement price of the CB Index futures Contract with the earlier expiration date will be utilized.

(iv) The daily settlement price may go out to four decimal places and may be a price that is not at a minimum increment for the CB Index futures Contract.

(v) The Exchange may in its sole discretion establish a daily settlement price for an CB Index futures Contract that it deems to be a fair and

reasonable reflection of the market if:

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

(B) there is a trading halt in the CB Index futures Contract or other unusual circumstance at the scheduled close of trading hours for the CB Index futures Contract on the applicable Business Day.

(q) Trade at Settlement Transactions. Trade at Settlement (“TAS”) transactions pursuant to Rule 404A are permitted in CB Index 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 CB Index futures are during the trading hours for CB Index futures. TAS transactions in an expiring CB Index 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 CB Index futures is from 0.10 index points below the daily settlement price to 0.10 index points above the daily settlement price. The permissible minimum increment for a TAS single leg transaction, a TAS spread transaction, a TAS Block Trade (including as a spread transaction) and a TAS Exchange of Contract for Related Position transaction in CB Index futures is 0.005 index points.

(r) Price Reasonability Checks. The Limit Order price reasonability percentage parameters designated by the Exchange for CB Index futures pursuant to Rule 513A(d) shall be 1%.

1503. Settlement

Settlement of CB Index futures 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 CB Index future multiplied by \$1,000.00. The final settlement price of the CB Index future will be rounded to the nearest \$0.01.

Clearing Members holding open positions in CB Index futures 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.