



October 8, 2014

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 Certification and Rule Certification for CBOE/CBOT 10-Year U.S. Treasury Note Volatility Index Futures Contract Submission Number CFE-2014-22

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 under the Act, CBOE Futures Exchange, LLC (“CFE” or “Exchange”) hereby submits rules (“Rules”) and terms and conditions for a new product to be traded on CFE, which are attached hereto along with a chart that summarizes the product specifications. The new product is the CBOE/CBOT 10-Year Treasury Note Volatility Index futures contract (“Product”). The Product will be listed for trading on CFE, and the Rules and terms and conditions for the Product will become effective on or after November 13, 2014 on a date to be announced by the Exchange through the issuance of a circular.

The underlying index for the Product is the CBOE/CBOT 10-Year Treasury Note Volatility Index (“VXTYN”). The VXTYN is based on real-time mid-quotes of options on 10-Year Treasury Note futures listed by CME Group (“CME”) which trade on the Chicago Board of Trade (“CBOT”) (“OZN options”), and is designed to reflect investor’s consensus view of the expected volatility of CBOT 10-Year Treasury Note futures (“TY futures”) over the next 30 calendar days.<sup>1</sup> Similar to the CBOE Volatility Index (“VIX”), the VXTYN measures the expected percentage changes in the underlying. Chicago Board Options Exchange, Incorporated (“CBOE”) calculates the VXTYN Index approximately every 15 seconds from 7:00 a.m. Chicago time to 3:15 p.m. Chicago time.

The VXTYN Index is calculated from prices of two nearby strips of at- and out-of-the-money OZN options. The below formula sets forth how the VXTYN Index is calculated:

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<sup>1</sup> The cash market for the 10-Year Treasury Note and the associated futures markets are considered to be the most liquid products in the world. TY futures are the most actively traded U.S. treasury futures, and their volatility mirrors the volatility of a variety of fixed income assets.

OZN options expire in the calendar month that precedes their designated contract month, e.g., February OZN options expire in January. As a result, a January VXTYN futures contract would be calculated using March OZN options and a February VXTYN futures contract would be calculated using April OZN options, etcetera.

$$VXTYN = 100 \sqrt{\frac{2e^{r\tau}}{\tau} \sum_i \frac{\Delta K_i^{put} * P_i^{put}}{(K_i^{put})^2} + \sum_j \frac{\Delta K_j^{call} * P_j^{call}}{(K_j^{call})^2} - \frac{1}{\tau} \left(\frac{F}{K_0} - 1\right)^2}$$

- $K_i^{put}$  is the strike of the  $i$ th put included, and similarly  $K_j^{call}$  is the strike of the  $j$ th call. Only at-and out-of-the-money strikes are included. Strikes with 0 bids and strikes further out than any two strikes with two consecutive 0 bids are excluded (“0 Bid Rule”).
- $\Delta K_i^{put}$  and  $\Delta K_j^{call}$  are the strike intervals, equal to half the distance between strikes adjacent to the  $i$ <sup>th</sup> strike for the puts, and  $j$ <sup>th</sup> strike for the calls, with the exception of extreme strikes where the strike interval is the distance to the next included strike.
- $P_i^{put}$  and  $P_j^{call}$  are the mid-quotes of the  $i$ <sup>th</sup> put strike and  $j$ <sup>th</sup> call strike.
- $\tau$  is the time to expiration, expressed as a fraction of a year (or 30/365 in the formula), and  $r$  is the 30-day rate of interest.  $F$  is the 30-day forward price, and  $K_0$  is the first listed strike below the forward price.

The final settlement value is calculated using the same methodology as the spot (cash) VXTYN Index, except that the inputs are the indicative daily settlement prices published by CBOT for the OZN options used to calculate the final settlement value for expiring VXTYN futures on their Final Settlement Date.

CBOT publishes indicative daily settlement prices for OZN options at approximately 2:00 p.m. Chicago time (“IDS Prices”) and may subsequently update the IDS Prices after 2:00 p.m. Chicago time. The prices for OZN options that will be used to calculate the final settlement value for expiring VXTYN futures will be the most current IDS Prices received by CBOE at the time when CBOE commences the final settlement value calculation process at approximately 3:45 p.m. Chicago time. CBOE could determine to commence this process earlier or as late as 4:20 p.m. Chicago time.<sup>2</sup> Information regarding the VXTYN, including the current methodology for computing the VXTYN, may be found on CBOE’s website at the following internet address: <http://www.cboe.com/micro/volatility/VXTYN/default.aspx>.

The rule chapter setting forth contract specifications for VXTYN futures will be Chapter 14.

In connection with launching VXTYN futures, CFE is amending Rule 417A (Market-Wide Trading Halts Due to Extraordinary Market Volatility). Rule 417A currently applies to all contracts traded on CFE as those contracts are equity based and/or are calculated using equity options. Because VXTYN futures are not based on and/or calculated using equity options, the halts contemplated under Rule 417A are inapplicable to VXTYN futures. As a result, CFE is amending Rule 417A to provide that the provisions of Rule 417A shall apply only if the rules governing a particular contract set forth that Rule 417A applies and is including a provision in Rule 1402(i) that Rule 417A does not apply to VXTYN futures. Although Rule 417A will not apply to VXTYN futures, CFE will retain the ability to halt trading in VXTYN futures in its general rules regarding Emergencies.

CFE believes that the Product and Rules are consistent with Designated Contract Market Core Principle 3 (Contracts Not Readily Susceptible to Manipulation). The Exchange represents

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<sup>2</sup> These prices are the final and only prices that CBOE will use to calculate the final settlement value for expiring VXTYN futures. The final settlement value used to settle expiring VXTYN futures will not be adjusted in the event that CBOT updates the IDS Prices for OZN options after CBOE commences the final settlement value calculation process.

that, consistent with the guidance set forth under Appendix C to Part 38 of the Commission's Regulations (Demonstration of Compliance that a Contract is Not Readily Susceptible to Manipulation), CFE, among other things: (1) conducted market research so that the design of the VXTYN futures contract 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 the VXTYN futures contract terms and conditions reflect the underlying cash market and that the futures contract will perform the intended risk management and/or price discovery functions.

CFE also believes that the Product and Rules 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 Rules establish a position limit level of 5,000 contracts in conformity with Commission Regulation §150.5(b)(3) (Exchange-set Speculative Position Limits); (ii) the chart that summarizes the product specifications will be posted and maintained on CFE's website; (iii) volume, open interest, settlement prices and other price information will be made available publicly on a daily basis on CFE's website consistent with Commission Regulation §16.01; and (iv) the Rules make clear which CFE contracts will be subject to CFE Rule 417A regarding circuit breaker halts.

CFE believes that the impact of the Product and Rules will be beneficial to the public and market participants. CFE is not aware of any substantive opposing views to the Product and Rules. CFE hereby certifies that the Product and Rules 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 Jenny Golding at (312) 786-7466. Please reference our submission number CFE-2014-22 in any related correspondence.

CBOE Futures Exchange, LLC



By: Michael Mollet  
Managing Director

**Summary Product Specifications Chart for  
CBOE/CBOT 10-Year U.S. Treasury Note Volatility Index Futures**

<b>CONTRACT NAME:</b>	CBOE/CBOT 10-Year U.S. Treasury Note Volatility Index (“VXTYN”) futures
<b>LISTING DATE:</b>	On or after November 13, 2014.
<b>DESCRIPTION:</b>	The VXTYN is based on real-time mid-quotes of options on 10-Year Treasury Note futures listed on the Chicago Board of Trade (“CBOT”) (Symbol: OZN options), and is designed to reflect investors’ consensus view of the expected volatility of CBOT 10-Year Treasury Note futures over the next 30 calendar days. A mid-quote is the midpoint between the bid and offer for an option series.
<b>CONTRACT SIZE:</b>	The contract multiplier for the VXTYN futures contract is \$1,000.
<b>TRADING HOURS:</b>	7:00 a.m. to 3:15 p.m. Chicago time, except that on the Final Settlement Date the trading hours for expiring VXTYN future will terminate at 2:00 p.m. Chicago time. Non-expiring VXTYN futures will continue to trade until 3:15 p.m. Chicago time on that date.  The end of day submission cut-off time for all Orders, quotes, cancellations and Order modifications for VXTYN futures (other than for the expiring VXTYN future on its Final Settlement Date) is 3:14:59 p.m. Chicago time. Any Orders, quotes, cancellations or Order modifications submitted after the end of day submission cut-off time will be automatically rejected by the Exchange.
<b>TRADING PLATFORM:</b>	CBOE Command.
<b>CONTRACT EXPIRATIONS:</b>	The Exchange may list for trading up to twelve contract months for the VXTYN future contract.
<b>TICKER SYMBOLS:</b>	Futures: VXTY Cash: VXTYN
<b>PRICING CONVENTIONS:</b>	Both futures prices and cash index levels are stated in decimal format.
<b>MINIMUM PRICE INTERVALS:</b>	0.01 index point for single and multiple leg trades and net prices of spread trades, equal to \$10.00 per contract.
<b>DOLLAR VALUE PER TICK:</b>	\$10.00 per contract.
<b>CROSSING TWO OR MORE ORIGINAL ORDERS:</b>	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.
<b>PRE-EXECUTION DISCUSSIONS:</b>	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 CBOE System.

<b>EXCHANGE OF CONTRACT FOR RELATED POSITION TRANSACTIONS:</b>	<p>Exchange of Contract for Related Position ("ECRP") transactions may be entered into with respect to VXTYN futures contracts. Any ECRP transaction must satisfy the requirements of CFE Rule 414.</p> <p>The minimum price increment for an ECRP transaction involving the VXTYN futures contract is 0.01 index points.</p>
<b>BLOCK TRADES:</b>	<p>Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for the VXTYN futures contract is 100 contracts if there is only one leg involved in the trade. If the Block Trade is executed as a transaction with legs in multiple expirations and all legs of the Block Trade are exclusively for the purchase or exclusively for the sale of VXTYN futures contracts (a "strip"), the minimum Block Trade quantity for the strip is 150 contracts and each leg of the strip is required to have a minimum size of 50 contracts. If the Block Trade is executed as a spread order that is not a strip, one leg must meet the minimum Block Trade quantity for the VXTYN futures contract and the other leg(s) must have a contract size that is reasonably related to the leg meeting the minimum Block Trade quantity.</p> <p>The minimum price increment for a Block Trade in the VXTYN futures contract is 0.01 index points.</p>
<b>NO BUST RANGE:</b>	<p>Pursuant to Rule 416, 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 VXTYN futures contract. In accordance with Policy and Procedure III, the Help 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 Help 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 expiration and the prices of related contracts trading on the Exchange and other markets.</p>
<b>TERMINATION OF TRADING:</b>	<p>The trading hours for expiring VXTYN futures contracts terminate at 2:00 p.m. Chicago time on the Final Settlement Date.</p> <p>The expiring VXTYN future will be put in a closed state at 1:59:59 p.m. Chicago time on its Final Settlement Date. As a result, no Orders, quotes, or Order modifications in the expiring VXTYN future will be accepted by the CBOE System at or after 1:59:59 p.m. Chicago time on its Final Settlement Date. The CBOE System will complete the processing of any trades in the expiring VXTYN future on its Final Settlement Date that are matched by the CBOE System and that the CBOE System begins to process prior to 1:59:59 p.m. Chicago time. The CBOE System will not process any trades in the expiring VXTYN future on its Final Settlement Date that the CBOE System does not match and begin to process prior to 1:59:59 p.m. Chicago time.</p>

<b>FINAL SETTLEMENT DATE:</b>	<p>The Wednesday that is thirty days prior to the last Friday of the calendar month immediately following the month in which the VXTYN contract expires that precedes the last business day of that month by at least two business days (“Final Settlement Date”).</p> <p>If the Wednesday is a CBOT holiday or if the Friday described above is a CBOT holiday, then the Final Settlement Date shall be the business day immediately preceding the Wednesday.</p>
<b>FINAL SETTLEMENT VALUE:</b>	<p>The final settlement value for VXTYN futures (Ticker: VXTYS) shall be a Special Quotation (“SQ”) of VXTYN calculated using the indicative daily settlement prices published by CBOT, as further described below, for the OZN options used to calculate the final settlement value for expiring VXTYN futures on their Final Settlement Date.</p> <p>OZN options expire in the calendar month that precedes their designated contract month (e.g., February OZN options expire in January). For example, a January VXTYN futures contract would be calculated using March OZN options and a February VXTYN futures contract would be calculated using April OZN options.</p> <p>CBOT publishes indicative daily settlement prices for OZN options at approximately 2:00 p.m. Chicago time (“IDS Prices”) and may subsequently update the IDS Prices after 2:00 p.m. Chicago time. The prices for OZN options that will be used to calculate the final settlement value for expiring VXTYN futures will be the most current IDS Prices received by Chicago Board Options Exchange, Incorporated (“CBOE”) at the time when CBOE commences the final settlement value calculation process at approximately 3:45 p.m. Chicago time. CBOE could determine to commence this process earlier or as late as 4:20 p.m. Chicago time. These prices are the final and only prices that CBOE will use to calculate the final settlement value for expiring VXTYN futures. The final settlement value used to settle expiring VXTYN futures will not be adjusted in the event that CBOT updates the IDS Prices for OZN options after CBOE commences the final settlement value calculation process.</p> <p>The OZN option series used to calculate the final settlement value for expiring VXTYN futures shall include all put options beginning with the highest-strike put option with an IDS Price equal to or greater than the minimum tick size for OZN options (1/64th of a point or \$15.625) of one (1) tick and ending with the put option with a strike price equal to K0; and all call options beginning with the call option with a strike price equal to K0 and ending with the lowest-strike call option with an IDS Price equal to or greater than the minimum tick size for OZN options (1/64th of a point or \$15.625).</p>

	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.
<b>DELIVERY:</b>	Settlement of VXTYN 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 price of the VXTYN futures contract multiplied by \$1,000.00.
<b>POSITION LIMITS:</b>	<p>A person: (i) may not own or control more than 5,000 contracts net long or net short in all VXTYN futures contract expirations combined; and (ii) may not own or control more than 5,000 contracts net long or net short in the expiring VXTYN futures contract held during the last 5 trading days for the expiring VXTYN futures contract.</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>
<b>MINIMUM REPORTABLE LEVEL:</b>	200 or more contracts.

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**CBOE Futures Exchange, LLC Rules**

(additions are underlined; deletions are [bracketed])

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**417A. Market-Wide Trading Halts Due to Extraordinary Market Volatility**

(a) The Exchange will halt trading in all Contracts subject to this Rule and shall not reopen trading in those Contracts for the time periods specified in this Rule if there is a Level 1, 2 or 3 Market Decline. The rules governing a particular Contract shall set forth whether the Contract is subject to this Rule.

(b) For purposes of this Rule:

(i) A “Market Decline” means a decline in price of the S&P 500 Index between 8:30 a.m. and 3:00 p.m. (all times are CT) on a trading day as compared to the closing price of the S&P 500 Index for the immediately preceding trading day. The Level 1, Level 2 and Level 3 Market Declines that will be applicable for the trading day will be the levels publicly disseminated by securities information processors.

(ii) A “Level 1 Market Decline” means a Market Decline of 7%.

(iii) A “Level 2 Market Decline” means a Market Decline of 13%.

(iv) A “Level 3 Market Decline” means a Market Decline of 20%.

(c) Halts in Trading:

(i) If a Level 1 or Level 2 Market Decline occurs after 8:30 a.m. and up to and including 2:25 p.m. or, in the case of an early scheduled close, 11:25 a.m., the Exchange shall halt trading in all Contracts subject to this Rule for 15 minutes after a Level 1 or Level 2 Market Decline. The Exchange shall halt trading based on a Level 1 or Level 2 Market Decline only once per trading day. The Exchange will not halt trading if a Level 1 or Level 2 Market Decline occurs after 2:25 p.m. or, in the case of an early scheduled close, 11:25 a.m.

(ii) If a Level 3 Market Decline occurs at any time during the trading day, the Exchange shall halt trading in all Contracts subject to this Rule until the next trading day.

(d) If a circuit breaker is initiated in all Contracts subject to this Rule due to a Level 1 or Level 2 Market Decline, the Exchange may resume trading in each Contract anytime after the 15-minute halt period.

[(e) This Rule shall become effective on the date that corresponding market-wide trading halt provisions become effective on national securities exchanges.]

[(f)] ~~(e)~~ Nothing in this Rule shall be construed to limit the ability of the Exchange to halt or suspend trading in any Contract pursuant to any other Exchange rule or policy.

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**Rule Chapter Setting Forth Contract Specifications for CBOE/CBOT 10-Year U.S. Treasury Note Volatility Index Futures**

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**CHAPTER 14  
CBOE/CBOT 10-YEAR U.S. TREASURY NOTE VOLATILITY INDEX FUTURES  
CONTRACT SPECIFICATIONS**

**1401. Scope of Chapter**

This chapter applies to trading in futures on the CBOE/CBOT 10-Year U.S. Treasury Note Volatility Index (“VXTYN”). 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 VXTYN futures contract was first listed for trading on the Exchange on [insert launch date].

**1402. Contract Specifications**

(a) *Multiplier.* The contract multiplier for each VXTYN futures contract is \$1,000. For example, a contract size of one VXTYN futures contract would be \$14,000, if the VXTYN index level were 14 (14 x \$1,000.00).

(b) *Schedule.* The Exchange may list for trading up to twelve contract months for the VXTYN futures contract. The final settlement date for a VXTYN futures contract is on the Wednesday that is thirty days prior to the Friday of the calendar month immediately following the month in which the VXTYN contract expires and which Friday precedes the last business day of the calendar month by at least two business days (“Final Settlement Date”). If the Wednesday is a Chicago Board of Trade (“CBOT”) holiday or if the Friday described above is a CBOT holiday, then the Final Settlement Date shall be the business day immediately preceding the Wednesday.

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

The trading hours for VXTYN futures contracts are from 7:00 a.m. to 3:15 p.m. Chicago time, except that on the Final Settlement Date the trading hours for the expiring VXTYN future will terminate at 2:00 p.m. Chicago time. Non-expiring VXTYN futures will continue to trade until 3:15 p.m. Chicago time on that date.

The end of day submission cut-off time for all Orders, quotes, cancellations and Order modifications for VXTYN futures (other than for the expiring VXTYN future on its Final Settlement Date) is 3:14:59 p.m. Chicago time. Any Orders, quotes, cancellations or Order modifications submitted after the end of day submission cut-off time will be automatically rejected by the Exchange.

(c) *Minimum Increments.* The minimum fluctuation of the VXTYN futures contract is 0.01 index points for single and multiple leg trades and net prices of spread trades, which has a value of \$10.00.

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

A person: (i) may not own or control more than 5,000 contracts net long or net short in all VXTYN futures contract expirations combined; and (ii) may not own or control more than 5,000

contracts net long or net short in the expiring VXTYN futures contract held during the last 5 trading days for the expiring VXTYN futures contract.

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 expiring VXTYN futures contracts end at 2:00 p.m. Chicago time on the Final Settlement Date.

The expiring VXTYN future will be put in a closed state at 1:59:59 p.m. Chicago time on its Final Settlement Date. As a result, no Orders, quotes, or Order modifications in the expiring VXTYN future will be accepted by the CBOE System at or after 1:59:59 p.m. Chicago time on its Final Settlement Date. The CBOE System will complete the processing of any trades in the expiring VXTYN future on its Final Settlement Date that are matched by the CBOE System and that the CBOE System begins to process prior to 1:59:59 p.m. Chicago time. The CBOE System will not process any trades in the expiring VXTYN future on its Final Settlement Date that the CBOE System does not match and begin to process prior to 1:59:59 p.m. Chicago time.

(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 VXTYN futures. A Lead Market Maker trade participation right priority shall overly the price-time priority base allocation method as provided in Policy and Procedure XI.

(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 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 Circuit Breaker Halts.* Pursuant to Rule 413, VXTYN futures contracts are not subject to price limits.

VXTYN futures contracts shall not be subject to the circuit breaker trading halt provisions of Rule 417A.

(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 VXTYN 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 transaction involving the VXTYN futures contract is 0.01 index points.

(k) *Block Trades.* Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for the VXTYN futures contract is 100 contracts if there is only one leg involved in the trade. If the Block Trade is executed as a transaction with legs in multiple expirations and all legs of the Block Trade are exclusively for the purchase or exclusively for the sale of VXTYN futures contracts (a “strip”), the minimum Block Trade quantity for the strip is 150 contracts and each leg of the strip is required to have a minimum size of 50 contracts. If the Block Trade is executed as a spread order that is not a strip, one leg must meet the minimum Block Trade quantity for the VXTYN futures contract and the other leg(s) must have a contract size that is reasonably related to the leg meeting the minimum Block Trade quantity.

The minimum price increment for a Block Trade in the VXTYN futures contract is 0.01 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 10% on either side of the market price of the applicable VXTYN futures contract. In accordance with Policy and Procedure III, the Help 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 Help 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 expiration 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 CBOE System.

(n) *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 VXTYN 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.

(o) *Threshold Widths.* For purposes of Policy and Procedure I and Policy and Procedure II, the Threshold Widths for the VXTYN futures contract are as follows:

<b>Price Range</b>	<b>Threshold Width</b>
0 - 5.00	0.50
5.01 - 10.00	1.00
10.01 - 15.00	1.50
15.01 - 20.00	2.00
20.01+	2.50

The price range referenced above is determined using the bid price. The minimum size of bids and offers that establish a Threshold Width is one contract.

(p) *Daily Settlement Price.* The daily settlement price for each VXTYN futures contract will be the average of the final bid and final offer for the VXTYN futures contract at the close of trading, subject to the following. If the average of the final bid and final offer is not at a minimum increment for the VXTYN futures contract, the daily settlement price shall be the average of the final bid and final offer rounded up to the nearest minimum increment. If there is no bid or offer at the close of trading, the Exchange may in its sole discretion establish a daily settlement price that it deems to be a fair and reasonable reflection of the market.

(q) *Trade at Settlement Transactions.* Trade at Settlement (“TAS”) transactions are not permitted in VXTYN futures.

(r) *Default Pre-Trade Order Size Limit.* The default maximum pre-trade order size limit for VXTYN futures that will apply if a Clearing Member does not set a different limit in accordance with Rule 513A(a) is 1,000 contracts.

(s) *Price Reasonability Checks.* Pursuant to and as further described in Rule 513A(b), the CBOE System shall in a manner determined by the Exchange reject (i) any buy order with a limit price in a VXTYN futures contract if the limit price upon receipt of the order by the CBOE System is more than a designated amount above the prevailing best offer in that contract and (ii) any sell order with a limit price in a VXTYN futures contract if the limit price upon receipt of the order by the CBOE System is more than a designated amount below the prevailing best bid in that contract. The designated amounts for the price reasonability checks referenced in the preceding sentence are as follows:

<b>Price Range</b>	<b>Designated Amount</b>
0 - 15.00	1.00
15.01 - 25.00	2.00
25.01 - 35.00	3.00
35.01 - 50.00	5.00
50.01+	7.00

### **1303. Settlement**

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

Clearing Members holding open positions in VXTYN 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.