

# **Cboe Futures Exchange, LLC**

## **Rulebook**

BY ACCESSING, OR ENTERING ANY ORDER INTO, THE CFE SYSTEM, AND WITHOUT ANY NEED FOR ANY FURTHER ACTION, UNDERTAKING OR AGREEMENT, A TRADING PRIVILEGE HOLDER OR AUTHORIZED TRADER AGREES (I) TO BE BOUND BY, AND COMPLY WITH, THE RULES OF THE EXCHANGE, THE RULES OF THE CLEARING CORPORATION AND APPLICABLE LAW, IN EACH CASE TO THE EXTENT APPLICABLE TO IT, AND (II) TO BECOME SUBJECT TO THE JURISDICTION OF THE EXCHANGE WITH RESPECT TO ANY AND ALL MATTERS ARISING FROM, RELATED TO, OR IN CONNECTION WITH, THE STATUS, ACTIONS OR OMISSIONS OF SUCH TRADING PRIVILEGE HOLDER OR AUTHORIZED TRADER. SEE RULE 308(A) AND THE RELATED DEFINITIONS IN THIS RULEBOOK.

ANY PERSON INITIATING OR EXECUTING A TRANSACTION ON OR SUBJECT TO THE RULES OF THE EXCHANGE DIRECTLY OR THROUGH AN INTERMEDIARY, AND ANY PERSON FOR WHOSE BENEFIT SUCH A TRANSACTION HAS BEEN INITIATED OR EXECUTED, EXPRESSLY CONSENTS TO THE JURISDICTION OF THE EXCHANGE AND AGREES TO BE BOUND BY AND COMPLY WITH THE RULES OF THE EXCHANGE IN RELATION TO SUCH TRANSACTIONS, INCLUDING, BUT NOT LIMITED TO, RULES REQUIRING COOPERATION AND PARTICIPATION IN INVESTIGATORY AND DISCIPLINARY PROCESSES. ANY FUTURES COMMISSION MERCHANT, BROKER-DEALER, INTRODUCING BROKER, ASSOCIATED PERSON, OR FOREIGN PERSON PERFORMING A SIMILAR ROLE, THAT CHARGES A COMMISSION OR FEE IN CONNECTION WITH A TRANSACTION ON OR SUBJECT TO THE RULES OF THE EXCHANGE ALSO EXPRESSLY CONSENTS TO THE EXCHANGE'S JURISDICTION. ANY PERSON SUBJECT TO THIS PARAGRAPH IS REFERRED TO AS A MARKET PARTICIPANT UNDER THE RULES OF THE EXCHANGE. SEE RULE 308(D) FOR THE RULES OF THE EXCHANGE TO WHICH ANY MARKET PARTICIPANT THAT IS NOT A TRADING PRIVILEGE HOLDER OR RELATED PARTY IS BOUND AND REQUIRED TO COMPLY.

Revised as of March 25, 2024

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## **CHAPTER 1 DEFINITIONS**

### **Scope of Definitions**

Unless otherwise specifically provided in the Rules of the Exchange or the context otherwise requires, the terms defined in this Chapter shall for all purposes of the Rules of the Exchange have the meanings specified below.

#### **Administrator**

The term “administrator” has the meaning set forth in Rule 513(a).

Adopted April 25, 2018 (18-005).

#### **Affiliate**

An “Affiliate” of, or a Person “Affiliated” with, another Person is a Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, such other Person.

#### **AMERIBOR Futures**

The term “AMERIBOR Futures” means collectively Cboe AMERIBOR Term-30 futures, Cboe AMERIBOR Term-90 futures, Cboe Three-Month AMERIBOR futures, Cboe One-Month AMERIBOR futures, and Cboe 7-Day AMERIBOR futures.

Adopted August 16, 2019 (19-011). Amended October 17, 2012 (12-26); May 15, 2020 (20-011); September 3, 2021 (21-023); December 20, 2021 (21-032).

#### **Applicable Law**

The term “Applicable Law” includes, but is not limited to, the CEA, Commission Regulations, margin rules adopted by the Board of Governors of the Federal Reserve System (as amended from time to time) and, to the extent applicable, the Exchange Act and Exchange Act Regulations.

#### **Authorized Reporter**

The term “Authorized Reporter” has the meaning set forth in Rule 414(i) in relation to Exchange of Contract for Related Position transactions and has the meaning set forth in Rule 415(f) in relation to Block Trades.

Adopted February 25, 2018 (17-017).

#### **Authorized Trader**

The term “Authorized Trader” means any natural person who is a Trading Privilege Holder or who is authorized by a Trading Privilege Holder to access the CFE System on behalf of the Trading Privilege Holder.



Amended October 17, 2012 (12-26); February 25, 2018 (17-017).

### **Average Price System**

The term “Average Price System” means any system used by a Trading Privilege Holder that is a registered futures commission merchant to calculate and confirm to its Customers an average price for any Contract when multiple execution prices are received on any Order or series of Orders for such Contract.

### **Bankruptcy Code**

The term “Bankruptcy Code” means Title 11 of the United States Code, as amended from time to time.

### **BCC Panel**

The term “BCC Panel” has the meaning set forth in Rule 209.

Amended October 17, 2012 (12-26).

### **BOE**

The term “BOE” means the Binary Order Entry protocol for interfacing with the CFE System.

Adopted February 25, 2018 (17-017).

### **Block Trade**

The term “Block Trade” has the meaning set forth in Rule 415(a).

### **Board**

The term “Board” means the board of directors of the Exchange constituted in accordance with the Constitutive Documents.

### **Business Conduct Committee**

The term “Business Conduct Committee” means the business conduct committee of the Exchange constituted in accordance with, and with the authority and rights set forth or referred to in, Rule 209.

Amended October 17, 2012 (12-26).

### **Bulk Message**

The term “Bulk Message” has the meaning set forth in Rule 404.

Adopted May 4, 2020 (20-002).

### **Business Day**

The term “Business Day” has the meaning set forth in Rule 402(a).

### **Cboe Global Markets**

The term “Cboe Global Markets” means Cboe Global Markets, Inc., a Delaware Corporation (including its successors).

Adopted June 18, 2010 (10-05); amended October 31, 2017 (17-016).

### **Cboe Options**

The term “Cboe Options” means Cboe Exchange, Inc., a Delaware corporation (including its successors).

Amended October 31, 2017 (17-016).

### **CFE System**

The term “CFE System” means (i) the electronic systems administered by or on behalf of the Exchange which perform the functions set out in the Rules of the Exchange, including controlling, monitoring and recording trading on the Exchange and (ii) any connectivity to the foregoing electronic systems that is administered by or on behalf of the Exchange, such as a communications hub in a foreign jurisdiction.

Amended February 1, 2013 (13-03); February 25, 2018 (17-017).

### **CFE Workstation**

The term “CFE Workstation” means any computer connected directly to the CFE System, including by means of an Exchange defined protocol, for the purpose of trading Contracts.

Amended November 4, 2004 (04-20); October 17, 2012 (12-26); February 2, 2012 (13-03); February 25, 2018 (17-017).

### **CEA**

The term “CEA” means the Commodity Exchange Act, as amended from time to time.

### **Chairman of the Board**

The term “Chairman of the Board” means the individual designated as the chairman of the board of the Exchange in accordance with the Constitutive Documents from time to time.

Amended April 26, 2010 (10-04).

### **Chief Executive Officer**

The term “Chief Executive Officer” means the individual serving as chief executive officer of Cboe Global Markets from time to time.

Adopted March 24, 2017 (17-005); amended October 31, 2017 (17-016).

### **Chief Regulatory Officer**

The term “Chief Regulatory Officer” or “CRO” means the individual appointed by the Board from time to time to serve as Chief Regulatory Officer of the Exchange.

Adopted November 15, 2018 (18-025).

### **Class of Options**

The term “Class of Options” means Options of the same category (*e.g.*, traditional or binary) covering the same underlying Future or commodity.

Adopted February 23, 2009 (09-03). Amended July 10, 2023 (23-002).

### **Clearing Corporation**

The term “Clearing Corporation” means The Options Clearing Corporation, a Delaware corporation (including its successors), or such other clearing organization as the Exchange may designate in the future to provide clearing services with respect to any or all of its Contracts. The Options Clearing Corporation may also be referred to as “OCC”.

Amended July 10, 2023 (23-002).

### **Clearing Member**

The term “Clearing Member” means a member of the Clearing Corporation that is a Trading Privilege Holder and that is authorized under the Rules of the Clearing Corporation to clear trades in any or all Contracts.

### **Commission**

The term “Commission” means the Commodity Futures Trading Commission, and includes any successor agency or authority.

### **Commission Regulation**

The term “Commission Regulation” means any rule, regulation, order, directive and any interpretation thereof adopted or amended from time to time by the Commission.

### **Commodity**

The term “Commodity” has the same meaning as that term is defined under the CEA.

Adopted February 23, 2009 (09-03).

### **Complainant**

The term “Complainant” has the meaning set forth in Rule 702(a).

### **Constitutive Documents**

The term “Constitutive Documents” means the certificate of formation and the operating agreement of the Exchange, each as amended or otherwise modified from time to time.

### **Contract**

The term “Contract” means any Future, Option or Security Future offered for trading on the Exchange. Each single leg Futures expiration and each single leg Options series is a separate Contract. Each Futures spread and each Options spread for a product is treated like a separate Contract from a system perspective. If TAS transactions are permitted in a product, each TAS single leg expiration and TAS spread for the product is treated like a separate Contract from a system perspective.

Amended February 25, 2018 (17-017); July 2, 2019 (19-012); July 10, 2023 (23-002).

### **Control**

The term “Control” means the power to exercise a controlling influence over the management or policies of a Person, unless such power is solely the result of an official position with such Person. Any Person who owns beneficially, directly or indirectly, more than 20% of the voting power in the election of directors of a corporation, or more than 25% of the voting power in the election of directors of any other corporation which directly or through one or more Affiliates owns beneficially more than 25% of the voting power in the election of directors of such corporation, shall be presumed to control such corporation. The terms “controlling” or “controlled” shall have meanings correlative to the foregoing.

### **Credentials**

The term “Credentials” has the meaning set forth in Rule 513(b).

Adopted February 25, 2018 (17-017).

### **Customer**

The term “Customer” means any Person for whom a Trading Privilege Holder or Market Participant carries an account (other than such Trading Privilege Holder or Market Participant or any Affiliates of such Trading Privilege Holder or Market Participant) or from whom a Trading Privilege Holder or Market Participant solicits or accepts an Order.

Amended July 2, 2019 (19-012).

### **Delaware LLC Act**

The term “Delaware LLC Act” means the Delaware Limited Liability Company Act, as amended from time to time.

### **DPM**

The term “DPM” means any designated primary market maker approved by the Exchange from time to time in accordance with Rule 515 and with the duties and responsibilities set forth in Rule 515 and Exchange Policy and Procedure X.

Amended February 14, 2011 (11-04).

### **DPM Designee**

The term “DPM Designee” has the meaning set forth in Rule 515(b)(iii).

### **EFID**

The term “EFID” means an Executing Firm ID that is described in Rule 302(f).

Adopted February 25, 2018 (17-017).

### **Emergency**

The term “Emergency” means any occurrence or circumstance which requires immediate action and threatens or may threaten the fair and orderly trading in, or the liquidation of or delivery pursuant to, any Contract or the integrity of the market, whether the need for intervention arises exclusively from the Exchange’s market or as part of a coordinated, cross-market intervention. An Emergency may include, without limitation, any of the following:

- (a) Any manipulative activity or disruptive trading practices or attempted manipulative activity or disruptive trading practices;
- (b) Any actual, attempted or threatened corner, squeeze, congestion or undue concentration of positions;
- (c) Any circumstance which may materially adversely affect the performance of Contracts, including any failure of the payment system;
- (d) Any action taken by the federal or any foreign government, any other governmental body or any other exchange or trading facility (foreign or domestic), in each case which may have a direct adverse effect on trading on the Exchange;
- (e) Any circumstance which may have a severe, adverse effect upon the physical functions of the Exchange, including fire or other casualty, bomb threats,

terrorist acts, substantial inclement weather, power failures, communications breakdowns, computer system breakdowns, malfunctions of plumbing, heating, ventilation and air conditioning systems and transportation breakdowns;

(f) The bankruptcy or insolvency of any Trading Privilege Holder or the imposition of any injunction or other restraint by any government agency, court or arbitrator upon a Trading Privilege Holder which may affect the ability of that Trading Privilege Holder to perform on its Contracts;

(g) Any circumstance in which it appears that a Trading Privilege Holder or any other Person has failed to perform its Contracts, is insolvent, or is in such financial or operational condition or is conducting business in such a manner that such Person cannot be permitted to continue in business without jeopardizing the safety of Customer funds, other Trading Privilege Holders, the Exchange or the Clearing Corporation; and

(h) Any other unusual, unforeseeable and adverse circumstance with respect to which it is impracticable for the Exchange to submit in a timely fashion a reviewable rule to the Commission.

Amended October 17, 2012 (12-26).

### **Exchange**

The term “Exchange” means Cboe Futures Exchange, LLC, a Delaware limited liability company (including its successors), and when used with reference to the administration of any Rule of the Exchange means either the Board or the officer, employee, agent, committee or delegee to whom appropriate authority to administer such provision has been delegated. The Exchange may also be referred to as “CFE”.

Amended October 31, 2017 (17-016); February 25, 2018 (17-017).

### **Exchange Act**

The term “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.

### **Exchange Act Regulation**

The term “Exchange Act Regulation” means any rule, regulation, order, directive and any interpretation thereof adopted or amended from time to time by the Securities and Exchange Commission, including any successor agency or authority.

### **Exchange of Contract for Related Position or ECRP**

The term “Exchange of Contract for Related Position” or “ECRP” means an exchange of a Contract listed on the Exchange for a Related Position, as that term is defined in Rule 414(b), that is entered into in accordance with the Rules of the Exchange.

Amended March 11, 2005 (05-09); amended February 23, 2009 (09-03); October 17, 2012 (12-26); March 13, 2019 (19-003).

### **Executive Committee**

The term “Executive Committee” means the executive committee of the Board, as constituted in accordance with, and with the authority and rights set forth in, Rule 207.

Adopted September 1, 2004 (04-17).

### **Exercise Price or Strike Price**

The terms “Exercise Price” and “Strike Price” shall be synonymous and mean the price at which a person may purchase or sell the underlying Future or commodity upon exercise of the Option.

Adopted February 23, 2009 (09-03).

### **Ex Parte Communication**

The term “Ex Parte Communication” means any oral or written communication made without notice to all parties. A written communication is an Ex Parte Communication unless a copy thereof has been delivered to all interested parties. An oral communication is an Ex Parte Communication unless it is made in the presence of all interested parties other than those who, after receiving adequate prior notice, declined to be present.

### **Expiration Date**

The term “Expiration Date” means, with respect to any Contract, the day and time set forth in the Rules of the Exchange governing such Contract for the termination or expiration of such Contract.

### **Expiration Month**

The term “Expiration Month” means, with respect to any Contract, the month and year set forth in the Rules of the Exchange governing such Contract for the termination or expiration of such Contract.

### **FINRA**

The term “FINRA” means the Financial Industry Regulatory Authority, and includes any successor organization.

Adopted February 23, 2009 (09-03).

### **FIX**

The term “FIX” means the Financial Information Exchange protocol for interfacing with the CFE System.

Adopted February 25, 2018 (17-017).

### **Future**

The term “Future” means any contract for the purchase or sale of any commodity for future delivery from time to time traded on or subject to the Rules of the Exchange.

### **Implied Spread Bid**

The term “Implied Spread Bid” has the meaning set forth in Rule 405A(d)(i)(A).

Adopted February 25, 2018 (17-017), amended July 20 (20-022).

### **Implied Spread Offer**

The term “Implied Spread Offer” has the meaning set forth in Rule 405A(d)(i)(B).

Adopted February 25, 2018 (17-017), amended July 20 (20-022)..

### **Independent Software Vendor**

The term “Independent Software Vendor” (also referred to as a “Service Bureau”) has the meaning set forth in Rule 302(g).

Adopted October 17, 2012 (12-26); February 25, 2018 (17-017).

### **Lower Price Limit**

The term “Lower Price Limit” has the meanings set forth in contract specification rule chapters for products with price limits, such as in Rule 1202(i)(i).

Amended February 25, 2018 (17-017); amended February 25, 2018 (18-002).

### **Market Data**

The term “Market Data” has the meaning set forth in Rule 408.

Adopted February 25, 2018 (17-017).

### **Market Participant**

The term “Market Participant” has the meaning set forth in Rule 308(c).

Adopted July 2, 2019 (19-012).



### **Match Capacity Allocation**

The term “match capacity allocation” includes different types of match capacity allocations.

An “order match capacity allocation” provides the ability to submit single Orders to the CFE System utilizing either the FIX or BOE protocol.

A “quoting match capacity allocation” provides the ability to submit single Orders and Bulk Messages to the CFE System utilizing the BOE protocol.

A “unit match capacity allocation” provides the ability to submit messages to a single designated matching unit within the CFE System utilizing the BOE protocol. A unit match capacity allocation may either be an order match capacity allocation or a quoting match capacity allocation.

Any match capacity allocation that is not a unit match capacity allocation provides the ability to submit messages to any matching unit within the CFE System. This type of match capacity allocation may be utilized with the FIX protocol as an order match capacity allocation. During any time period designated by the Exchange, the Exchange may also permit this type of match capacity allocation to be utilized with the BOE protocol as an order match capacity allocation or a quoting match capacity allocation.

Match capacity allocations may be subject to Order rate limits designated by the Exchange.

Match capacity allocations are made available in a form and manner prescribed the Exchange.

Adopted May 1, 2019 (19-008). Amended May 4, 2020 (20-002); June 6, 2021 (21-007).

### **Maximum Price**

The term “Maximum Price” has the meaning set forth in Rule 406(f).

Adopted February 25, 2018 (17-017).

### **Minimum Price**

The term “Minimum Price” has the meaning set forth in Rule 406(f).

Adopted February 25, 2018 (17-017).

### **Narrow-Based Stock Index Future**

The term “Narrow-Based Stock Index Future” has the meaning set forth in Rule 1901.

Adopted July 26, 2005 (05-20).

## **NFA**

The term “NFA” means the National Futures Association, and includes any successor organization fulfilling similar functions under the CEA.

Adopted July 26, 2005 (05-20).

## **Option**

The term “Option” means any commodity option, as that term is defined in Commission Regulation § 1.3, from time to time traded subject to the Rules of the Exchange and issued or subject to issuance by the Clearing Corporation pursuant to the Rules of the Clearing Corporation.

Amended February 24, 2006 (06-04); July 10, 2023 (23-002).

## **Order**

The term “Order” means any Market Order, Limit Order, Spread Order, Stop Limit Order, Cancel Order, Cancel Replace/Modify Order, Day Order, Good-’til-Canceled Order, Good-’til-Date Order, Immediate or Cancel Order, Fill or Kill Order or Quote, all having the respective meanings set forth in Rule 404, as well as any other types of Orders that may be approved by the Exchange from time to time.

Amended October 17, 2012 (12-26); January 13, 2014 (13-40); February 25, 2018 (17-017); May 4, 2020 (20-002).

## **Order Entry Operator ID**

The term “Order Entry Operator ID” has the meaning set forth in Rule 303A.

Adopted April 25, 2018 (18-005).

## **Order Rate Limit**

The term “Order rate limit” has the meaning set forth in Rule 513A(h).

Adopted May 1, 2019 (19-008).

## **Person**

The term “Person” means any natural person, sole proprietorship, association, partnership, limited liability company, joint venture, trust, corporation or other type of entity or organization.

Amended March 2, 2020 (20-005).

## **Pool**

The term “Pool” has the meaning set forth in Rule 305A.

Adopted May 14, 2013 (13-17).

### **Pool Manager**

The term “Pool Manager” has the meaning set forth in Rule 305A.

Adopted May 14, 2013 (13-17).

### **Port**

The term “port” includes different types of ports. A physical port may provide access to multiple logical ports and match capacity allocations.

A “physical port” provides a physical connection to the CFE System.

A “logical port” provides the ability within the CFE System to accomplish a specific function, such as data receipt or access to information. A logical port may also be referred to as a logical session.

A “purge port” is a type of logical port that enables a Trading Privilege Holder through a single purge request to:

- (a) cancel all or a subset of pending Orders submitted through multiple match capacity allocations for any matching units within the CFE System, and
- (b) at the option of the Trading Privilege Holder submitting the purge request, also cause the CFE System to reject or cancel back to the sender all or a subset of new Orders for any matching units within the CFE System, until a reset request is received by the CFE System.

A “unit purge port” is a type of logical port that enables a Trading Privilege Holder through a single purge request to:

- (a) cancel all or a subset of pending Orders submitted through multiple match capacity allocations for a single designated matching unit within the CFE System, and
- (b) at the option of the Trading Privilege Holder submitting the purge request, also cause the CFE System to reject or cancel back to the sender all or a subset of new Orders for that matching unit, until a reset request is received by the CFE System.

Ports are made available in a form and manner prescribed the Exchange.

Adopted February 25, 2018 (17-017). Amended May 1, 2019 (19-008); June 6, 2021 (21-007).

### **Portal**

The term “Portal” has the meaning set forth in Rule 513(a).

Adopted February 25, 2018 (17-017).

### **Premium**

The term “Premium” means the amount agreed upon between the purchaser and seller for the purchase or sale of an Option.

Adopted February 23, 2009 (09-03); amended February 25, 2018 (17-017).

### **Pre-Opening Notice**

The term “Pre-Opening Notice” has the meaning set forth in Rule 405A(a)(iv)(E)(1).

Adopted February 25, 2018 (17-017); July 10, 2023 (23-002).

### **President**

The term “President” means the individual serving as president of Cboe Global Markets from time to time.

Amended October 17, 2012 (12-26); October 31, 2017 (17-016).

### **Public Director**

The term “Public Director” has the meaning set forth in Rule 201(b).

Adopted April 26, 2010 (10-04).

### **Quote**

The term “Quote” has the meaning set forth in Rule 404.

Adopted May 4, 2020 (20-002).

### **Regulatory Oversight Committee**

The term “Regulatory Oversight Committee” means the regulatory oversight committee of the Board, as constituted in accordance with, and with the authority and rights set forth in, Rule 208.

Adopted April 26, 2010 (10-04).

### **Related Options Product**

The term “Related Options Product” means an Options product offered for trading on the Exchange that overlies a Futures product offered for trading on the Exchange, in that the Futures product serves as the underlying interest for the Options product.

Adopted July 10, 2023 (23-002).

### **Related Party**

The term “Related Party” means, with respect to any Trading Privilege Holder: any partner, director, officer, branch manager, employee or agent of such Trading Privilege Holder (or any Person occupying a similar status or performing similar functions); any Person directly or indirectly Controlling, Controlled by, or under common Control with, such Trading Privilege Holder; or any Authorized Trader of such Trading Privilege Holder.

### **Respondent**

The term “Respondent” has the meaning set forth in Rule 704(b).

### **Rule of the Clearing Corporation**

The term “Rule of the Clearing Corporation” means the Certificate of Incorporation, the By-laws and any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, in each case as adopted or amended from time to time by the Clearing Corporation relating to the Exchange or any or all of the Contracts.

### **Rule of the Exchange**

The term “Rule of the Exchange” means any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, in each case as adopted or amended from time to time by the Exchange.

### **Secretary**

The term “Secretary” means the individual appointed by the Board from time to time to serve as secretary of the Exchange.

### **Security Future**

The term “Security Future” has the meaning set forth in Section 1a(31) of the CEA.

Adopted July 26, 2005 (05-20).

### **Senior Person in Charge of the Trade Desk**

The term “Senior Person in Charge of the Trade Desk” means the individual in charge of the Trade Desk at the applicable time.

Adopted February 25, 2018 (17-017).

### **Series of Options**

The term “Series of Options” means options of the same class and the same type (*e.g.*, put or call) with the same strike price and the same Expiration Date.

Adopted February 23, 2009 (09-03).

### **Single Stock Future**

The term “Single Stock Future” has the meaning set forth in Rule 1801.

Adopted July 26, 2005 (05-20).

### **Specifications Supplement**

The term “Specification Supplement” has the meaning set forth in Rule 1802.

Adopted July 26, 2005 (05-20).

### **Spread Processing Sequence**

The term “Spread Processing Sequence” means either the Futures Spread Processing Sequence as defined by Rule 405A(a)(iv)(B) or the Options Spread Processing Sequence as defined by Rule 405A(a)(iv)(D), as applicable.

Adopted February 25, 2018 (17-017). Amended July 10, 2023 (23-002).

### **Standing Committee**

The term “Standing Committee” has the meaning set forth in Rule 206(a).

### **Subject**

The term “Subject” has the meaning set forth in Rule 702(e).

### **Strip**

The term “strip” has the meaning set forth in Rule 404(c).

Amended October 17, 2012 (12-26); December 15, 2014 (14-17).

### **Threshold Width**

The term “Threshold Width” means, with respect to a particular Contract, a range between the highest bid and lowest offer starting at the highest bid and going up to the lowest offer that is the greater of (i) a designated percentage of the mid-point between the highest bid and lowest offer in the Contract as set forth in the rules governing the Contract and (ii) the minimum increment in the Contract. If the range between the highest bid and lowest offer is less than or equal to the Threshold Width amount, a Threshold Width is deemed to exist and is not exceeded. If there is no bid or no offer, a Threshold Width is deemed not to exist and is deemed to be exceeded.

Adopted May 24, 2015 (15-12); amended February 25, 2018 (17-017).

### **Trade at Settlement or TAS Transaction**

The term “Trade at Settlement” or “TAS” transaction has the meaning set forth in Rule 404A(a).

Adopted November 4, 2011 (11-23).

### **Trade Desk**

The term “Trade Desk” means the office established by the Exchange to assist Trading Privilege Holders and Authorized Traders in connection with their trading subject to the Rules of the Exchange.

Adopted February 25, 2018 (17-017).

### **Trading Hours**

The term “Trading Hours” has the meaning set forth in Rule 402(a).

### **Trading Privilege Holder**

The term “Trading Privilege Holder” means any Person holding Trading Privileges. Trading Privilege Holders shall be deemed to be members of the Exchange for purposes of the CEA and Commission Regulations thereunder.

### **Trading Privileges**

The term “Trading Privileges” means a permit conferred by the Exchange on any Person in accordance with Rule 305 to access the CFE System to trade in Contracts and to enter into Exchange of Contract for Related Position transactions and Block Trades in Contracts in accordance with the Rules of the Exchange.

Amended June 30, 2015 (15-17); amended February 25, 2018 (17-017).

### **Treasurer**

The term “Treasurer” means the individual appointed by the Board from time to time to serve as treasurer of the Exchange.

### **Upper Price Limit**

The term “Upper Price Limit” has the meanings set forth in contract specification rule chapters for products with price limits, such as in Rule 1202(i)(i).

Adopted February 25, 2018 (17-017); amended February 25, 2018 (18-002).

### **Volume-Based Tie Breaker or VBTB**

The term “Volume-Based Tie Breaker” or “VBTB” has the meaning set forth in Rule 405A(d)(i).

Adopted February 25, 2018 (17-017).

**Vice President**

The term “Vice President” means any individual appointed by the Board from time to time to serve as a vice president of the Exchange.

Amended April 20, 2022 (22-002).



## **CHAPTER 2**

### **GOVERNANCE OF THE EXCHANGE**

#### **General**

#### **201. Management by the Board**

(a) Cboe Global Markets, the sole limited liability company member of the Exchange, has vested the power to manage, operate and set policies for the Exchange exclusively in the Board. The Board shall consist of at least five individuals elected by Cboe Global Markets. At least thirty-five percent of the directors on the Board shall be Public Directors. Cboe Global Markets shall designate one of the directors on the Board to serve as Chairman of the Board. The individuals elected to the Board by Cboe Global Markets and the director designated as Chairman of the Board by Cboe Global Markets shall hold office for such term as may be determined by Cboe Global Markets or until their respective successors are chosen. Members of the Board may be removed from, and substitute or additional members of the Board may be appointed to, the Board, at any time by Cboe Global Markets. The Chairman of the Board may be removed from that position, and a different member of the Board may be designated as Chairman of the Board, at any time by Cboe Global Markets. Each member of the Board is designated a “manager” of the Exchange within the meaning of the Delaware LLC Act.

(b) A “Public Director” is a member of the Board with the following qualifications:

(i) To qualify as a Public Director of the Exchange, an individual must first be found, by the Board, on the record, to have no relationship with the Exchange that reasonably could affect the independent judgment or decision making of the individual as a Public Director.

(ii) In addition, an individual shall not qualify as a Public Director if any of the following circumstances exist:

(A) The individual is, or was within the last year, an officer or employee of the Exchange or an officer or employee of any affiliate of the Exchange;

(B) The individual is, or was within the last year, a Trading Privilege Holder or an officer or director of a Trading Privilege Holder;

(C) The individual, or a firm with which the individual is an officer, director or partner, receives, or received within the last year, more than \$100,000 in combined annual payments from the Exchange, or any affiliate of the Exchange, for legal, accounting or consulting services. Compensation for services as a director of the Exchange or as a director of an affiliate of the Exchange does not

count toward the \$100,000 payment limit, nor does deferred compensation for services prior to becoming a director, so long as such compensation is in no way contingent, conditioned or revocable.

(D) Any of the above relationships in this paragraph (b)(ii) apply to a member of the director's "immediate family," i.e., spouse, parents, children and siblings.

(iii) Public Directors of the Exchange may also serve as directors of Exchange affiliates if the individuals otherwise meet the definition of Public Director in this Rule 201(b).

(iv) For purposes of this Rule 201(b), "affiliate" includes parents or subsidiaries of the Exchange or entities that share a common parent with the Exchange.

(v) The Exchange shall disclose to the Commission which members of the Board are Public Directors, and the basis for those determinations.

(c) The Board may appoint one of the Public Directors to serve as the Lead Director. The Lead Director shall perform such duties and possess such powers as the Board may from time to time prescribe. The Lead Director, if appointed, shall be authorized to preside at meetings of the non-management directors and at meetings of the Public Directors of the Board.

(d) Meetings of the Board shall be held at the principal place of business of the Exchange or at any other place that the Chairman of the Board may determine from time to time. Members of the Board may participate in such meetings by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such a meeting. The presence of at least 50% of the members of the Board shall constitute a quorum for the transaction of business; *provided* that members of the Board that are recused with respect to a particular issue nevertheless shall be deemed present for the purpose of determining the existence of a quorum. Board meetings shall be held in accordance with the schedule established by the Board. Special meetings of the Board may be called by the Chairman of the Board, and shall be called by the Secretary upon the written request of any two members of the Board. The Secretary shall give at least one hour's notice of such meetings to each member of the Board.

(e) Decisions of the Board shall require the approval of a majority of the members of the Board voting at a meeting; *provided* that should the Board be unable to render a decision due to a tie in the vote, then Cboe Global Markets, as the sole limited liability company member of the Exchange, may make the decision in lieu of the Board. The Board also may make decisions, without holding a meeting, in either of the following ways:

(i) The Board may make decisions by written consent of all of the members of the Board. Any such written consent may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts together constituting the same consent. Written consent also may be transmitted by means of “electronic transmission” as described in the Delaware LLC Act.

(ii) The members of the Board may be individually polled to vote on issues (x) requiring prompt action or action prior to the next regularly scheduled Board meeting and (y) where the calling of a special Board meeting, in the opinion of the Chairman of the Board or the President, would be impractical. Any such poll may be conducted by telephone, by means of electronic transmission, and/or in person. An attempt shall be made to contact each Board member in any such poll. A poll reaching at least 50% of the members of the Board shall be sufficient to constitute a quorum of the Board and the approval of a majority of the members of the Board voting in such a poll shall constitute requisite Board action, even if all Board members are not reached in connection with the poll. The results of any such poll shall be reported at the next physical meeting of the Board.

The Board may establish such other rules and procedures not inconsistent with the foregoing for its deliberations as it may deem necessary or desirable.

(f) The Board shall have the power by itself or through agents, and shall be authorized and empowered on behalf and in the name of the Exchange, to carry out all of the objects and purposes of the Exchange and to perform all acts and enter into and perform all acts and other undertakings that it may in its discretion deem necessary or advisable in that regard. A member of the Board acting individually in his or her capacity shall have the power to act for or bind the Exchange to the extent authorized to do so by the Board. The Chairman of the Board, the President and the Secretary have been designated as authorized persons, within the meaning of the Delaware LLC Act, to execute and file any amendments to, or restatements of, the Exchange’s certificate of formation with the secretary of state of the State of Delaware and any applicable filings as a foreign limited liability company in any State where such filings may be necessary or desirable. The Board may confer upon any officer of the Exchange elected in accordance with the procedures described in paragraph (g) below, any of the powers of the Board.

(g) The Board shall have the power to elect such officers of the Exchange as it may deem necessary or appropriate from time to time. All officers of the Exchange elected by the Board shall hold office for such terms as may be determined by the Board or until their respective successors are chosen. Any officer, other than the Chief Executive Officer and the President, may be removed from his or her position as an officer of the Exchange at any time either with or without cause by the Chief Executive Officer, the President or the affirmative vote of a majority of the members of the Board then in office. Each of the officers of the Exchange shall have the powers and duties prescribed by the Board and, unless otherwise

prescribed by the Board, shall have such further powers and duties as ordinarily pertain to that office.

Amended September 1, 2004 (04-17); February 18, 2005 (05-07) and (05-08); April 26, 2010 (10-04); June 18, 2010 (10-05); March 24, 2017 (17-005); October 31, 2017 (17-016); July 18, 2022 (22-006).

## **202. Liability; Indemnification**

(a) Except as otherwise provided by the Delaware LLC Act, neither Cboe Global Markets, solely by reason of being the sole limited liability company member of the Exchange, nor any director, officer, employee or agent of the Exchange, solely by reason of acting in such capacity (including a Person having more than one such capacity), shall be personally liable for any expenses, liabilities, debts or obligations of the Exchange, whether arising in contract, tort or otherwise.

(b) The Exchange shall, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, indemnify and hold harmless any Person who was or is made or is threatened to be made a party or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a “proceeding”), by reason of the fact that he or she is or was a director, officer or member of a committee of the Board or the Exchange, or, while a director or officer of the Exchange, is or was serving at the request of the Exchange as a director or officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or non-profit entity, including service with respect to employee benefit plans (collectively “Covered Person”) against all liability and loss suffered and expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such Covered Person in connection with a proceeding; provided, however, that no Covered Person shall be entitled to indemnification in connection with the proceeding (i) if that indemnification is impermissible under the CEA or the regulations thereunder, (ii) unless the Covered Person acted in good faith, not in a wanton and willful manner, and in a manner the Covered Person reasonably believed to be in or not opposed to the best interests of the Exchange, and (iii) with respect to any criminal proceeding, unless the Covered Person had no reasonable cause to believe the Covered Person's conduct was unlawful. Notwithstanding the preceding sentence, except as otherwise provided in paragraph (c) of this Rule 202, the Exchange shall be required to indemnify a Covered Person in connection with a proceeding (or part thereof) commenced by such Covered Person only if the commencement of such proceeding (or part thereof) by the Covered Person was authorized in the specific case by the Board.

(c) Expenses (including attorneys’ fees) incurred by a Covered Person in defending a proceeding, including appeals, shall, to the extent not prohibited by law, be paid by the Exchange in advance of the final disposition of such proceeding; provided, however, that the Exchange shall not be required to advance any expenses to a Person against whom the Exchange directly brings an action, suit or proceeding alleging that such Person (i) committed an act or omission not in good faith or (ii) committed an act of intentional misconduct or a knowing violation of law. Additionally, an advancement of expenses incurred by a Covered Person shall be

made only upon delivery to the Exchange of an undertaking, by or on behalf of such Covered Person, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal or otherwise in accordance with Delaware law that such Covered Person is not entitled to be indemnified for such expenses under this Rule 202.

(d) If a claim for indemnification (following the final disposition of such action, suit or proceeding) or advancement of expenses under this Rule 202 is not paid in full within thirty days after a written claim therefor by the Covered Person has been received by the Exchange, the Covered Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim to the fullest extent permitted by law. In any action the Exchange shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

(e) The provisions of this Rule 202 shall be deemed to be a contract between the Exchange and each Covered Person who serves in any such capacity at any time while this Rule 202 is in effect, and any repeal or modification of any applicable law or of this Rule 202 shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts.

(f) Persons not expressly covered by the foregoing provisions of this Rule 202, such as those (i) who are or were employees or agents of the Exchange, or are or were serving at the request of the Exchange as employees or agents of another corporation, partnership, joint venture, trust or other enterprise, or (ii) who are or were directors, officers, employees or agents of a constituent corporation absorbed in a consolidation or merger in which the Exchange was the resulting or surviving corporation, or who are or were serving at the request of such constituent corporation as directors, officers, employees or agents of another corporation, partnership, joint venture, trust or other enterprise, may be indemnified or advanced expenses to the extent authorized at any time or from time to time by the Board.

(g) The rights conferred on any Covered Person by this Rule 202 shall not be deemed exclusive of any other rights to which such Covered Person may be entitled by law or otherwise, and shall continue as to a Person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such Person.

(h) The Exchange's obligation, if any, to indemnify or to advance expenses to any Covered Person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such Covered Person may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or non-profit entity.

(i) Any repeal or modification of the foregoing provisions of this Rule 202 shall not adversely affect any right or protection hereunder of any Covered Person in respect of any act or omission occurring prior to the time of such repeal or modification.

(j) The Exchange may purchase and maintain insurance, at its expense, to protect itself and any director, manager, officer, trustee, employee or agent of the Exchange or another corporation, or of a partnership, limited liability company, joint venture, trust or other enterprise against any expense, liability or loss (as such terms are used in this Rule 202), whether or not the Exchange would have the power to indemnify such Person against such expense, liability or loss under the Delaware LLC Act.

Amended June 18, 2010 (10-05); October 31, 2017 (17-016).

### **203. Effectiveness of Rules**

Unless otherwise specified by the Board, all Rules of the Exchange and amendments thereto from time to time adopted by the Board or its designee shall become effective on such date (after any required filing with the Commission and required period prior to effectiveness or any approval thereof by the Commission) as may be determined by the Exchange.

Amended August 13, 2013 (13-30).

### **204. Eligibility**

(a) No Person may serve as a member of the Board, the Business Conduct Committee, any BCC Panel or any other disciplinary committee or oversight panel of the Exchange if such Person:

(i) was found within the prior three years by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the Commission to have committed a disciplinary offense;

(ii) entered into a settlement agreement within the prior three years in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;

(iii) currently is suspended from trading on any contract market, is suspended or expelled from membership with any self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:

(A) a finding by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the Commission that such Person committed a disciplinary offense; or,

(B) a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;

(iv) currently is subject to an agreement with the Commission or any self-regulatory organization not to apply for registration with the Commission or membership in any self-regulatory organization;

(v) currently is subject to or has had imposed on him or her within the prior three years a Commission registration revocation or suspension in any capacity for any reason, or has been convicted within the prior three years of any of the felonies listed in Section 8a(2)(D)(ii) through (iv) of the CEA;

(vi) currently is subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in Section 3(a)(26) of the Exchange Act; or

(vii) is subject to a basis for refusal to register a Person under Section 8a(2) of the CEA.

(b) For purposes of this Rule 204, the terms “arbitration panel,” “disciplinary committee,” “disciplinary offense,” “final decision,” “oversight panel,” “self-regulatory organization” and “settlement agreement” have the definitions set forth in Commission Regulation § 1.63(a).

Amended October 17, 2012 (12-26); June 30, 2015 (15-17).

## **205. Officers**

The Chief Executive Officer shall be the individual serving as chief executive officer of Cboe Global Markets from time to time, and the President shall be the individual serving as president of Cboe Global Markets from time to time. The Board shall appoint one or more Managing Directors or Vice Presidents, a Secretary, a Treasurer, a Chief Regulatory Officer, a General Counsel and such other officers as it may deem necessary or appropriate from time to time, in each case for such term and on such other conditions as it sees fit. Any officer of the Exchange may be a director, officer or employee of Cboe Global Markets or Cboe Options.

Amended June 18, 2010 (10-05); October 17, 2012 (12-26); March 24, 2017 (17-005); October 31, 2017 (17-016).

## **Committees**

### **206. Standing Committees**

(a) The Board shall have such “Standing Committees” as the Board may from time to time appoint.

(b) Except as otherwise specifically provided in these Rules, the members of Standing Committees shall be members of the Board and appointed by the Chairman of the Board, subject to the approval of the Board, as promptly as possible after each annual meeting of the Exchange. Each appointee shall serve for one year or until the due appointment of his or her successor or his or her resignation or removal, with or without cause, by a majority vote of the Board. Subject to the approval of the Board, the Chairman of the Board shall also designate the chairman of each Standing Committee.

(c) Each Standing Committee shall assist in the supervision, management and control of the affairs of the Exchange within its particular area of responsibility. Subject to the control and supervision of the Board, each Standing Committee shall recommend for adoption such Rules of the Exchange or amendments thereto as it may deem necessary or advisable for the orderly conduct of its business, and administer the Rules of the Exchange within its particular area of responsibility.

(d) Except as may be otherwise provided in the Constitutive Documents, and subject to the authority of the Board, each Standing Committee shall determine the manner, form and time of conducting its proceedings. Each Standing Committee may act at a meeting, through a quorum composed of a majority of all its members then in office; provided that a quorum shall not exist unless at least two members of any such Standing Committee are present; provided, further, that members of a Standing Committee that are recused with respect to a particular issue nevertheless shall be deemed present for the purpose of determining the existence of a quorum. The decision of a majority of those voting at a meeting at which a quorum is present shall be the decision of the Standing Committee; provided that should the Standing Committee be unable to render a decision due to a tie in the vote, then the Board shall make the decision in lieu of the Standing Committee. Any or all members of any Standing Committee may participate in any meeting thereof by conference telephone or similar communications equipment by means of which all members participating in such meeting can hear each other. Alternatively, each Standing Committee may act without a meeting in either of the following ways:

(i) The Standing Committee may act without a meeting if all of its members consent in writing to the action in question.

(ii) The members of the Standing Committee may be individually polled to vote on issues (x) requiring prompt action or action prior to the next regularly scheduled meeting of the Standing Committee and (y) where the calling of a special meeting of the Standing Committee, in the opinion of the Chairman of the Standing Committee or the President, would be impractical. Any such poll may be conducted by telephone, by means of electronic transmission, and/or in person. An attempt shall be made to contact each member of the Standing Committee in any such poll. A poll reaching at least 50% of the members of the Standing Committee shall be sufficient to constitute a quorum of the Standing Committee and the approval of a majority of the members of the Standing Committee voting in such a poll shall constitute requisite Committee action, even if all



members of the Standing Committee are not reached in connection with the poll. The results of any such poll shall be reported at the next physical meeting of the Standing Committee.

- (e) In the event of the absence or disqualification of any member of a Standing Committee from any meeting thereof, the Chairman of the Board or the President, in the order of their availability, may appoint another qualified individual to act at the relevant meeting in the place of such absent or disqualified member.

Amended February 18, 2005 (05-08); April 26, 2010 (10-04); March 5, 2014 (14-03).

## **207. Executive Committee**

The Executive Committee shall consist of the Chairman of the Board and one or more other members of the Board appointed by the Chairman of the Board with the approval of the Board. At least thirty-five percent of the directors on the Executive Committee shall be Public Directors. The Chairman of the Board shall be the Chairperson of the Executive Committee. The Executive Committee shall have and may exercise all of the powers and authority of the Board in the management of the business and affairs of the Exchange, except that it shall not have any power or authority to amend the Constitutive Documents, adopt any agreement of merger or consolidation, approve the sale, lease or exchange of all or substantially all of the Exchange's property and assets or approve the dissolution of the Exchange or a revocation of a dissolution.

Adopted September 1, 2004 (04-17).

## **208. Regulatory Oversight Committee**

- (a) The Regulatory Oversight Committee shall consist of at least two Public Directors appointed by the Chairman of the Board with the approval of the Board. All members of the Regulatory Oversight Committee must be Public Directors. The Chairman of the Board shall designate one of the members of the Regulatory Oversight Committee as the Chairperson of the Regulatory Oversight Committee with the approval of the Board. The Regulatory Oversight Committee shall have the authority granted by the Rules of the Exchange and the Board.
- (b) The Regulatory Oversight Committee shall oversee the regulatory program of the Exchange on behalf of the Board of Directors. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the Regulatory Oversight Committee to fulfill its mandate.
- (c) The Regulatory Oversight Committee shall:
  - (i) Monitor the regulatory program of the Exchange for sufficiency, effectiveness and independence;
  - (ii) Oversee all facets of the regulatory program of the Exchange, including trade practice and market surveillance; audits, examinations and other regulatory responsibilities with respect to Trading

Privilege Holder organizations (including ensuring compliance with financial integrity, financial reporting, sales practice, recordkeeping and other requirements); and the conduct of investigations;

(iii) Review the size and allocation of the regulatory budget and resources of the Exchange; and the number, hiring and termination, and compensation of regulatory personnel of the Exchange;

(iv) Supervise the Chief Regulatory Officer, who will report directly to the Regulatory Oversight Committee, in relation to Exchange regulatory functions;

(v) Prepare an annual report assessing the self-regulatory program of the Exchange for the Board and the Commission, which sets forth the expenses of the regulatory program, describes its staffing and structure, catalogues disciplinary actions taken during the year, and reviews the performance of the Business Conduct Committee and its panels in relation to Exchange disciplinary matters;

(vi) Recommend changes that would ensure fair, vigorous and effective regulation; and

(vii) Review regulatory proposals and advise the Board as to whether and how such changes may impact regulation.

Adopted April 26, 2010 (10-04).

## **209. Business Conduct Committee**

The functions and responsibilities of the Business Conduct Committee shall be assumed by the business conduct committee of Cboe Options, as appointed from time to time by Cboe Options. The Business Conduct Committee shall not include any Exchange regulatory staff. The Business Conduct Committee shall have the authority and rights assigned to it in Chapter 7, which shall be exercised in each instance by a panel of the Business Conduct Committee (each such panel, a “BCC Panel”). Each BCC Panel shall consist of no fewer than three members of the Business Conduct Committee, each of whom shall be appointed by the chairman of the Business Conduct Committee. At least one member of the Business Conduct Committee and of each BCC Panel shall be an individual who would qualify as a Public Director as defined in Rule 201(b)(ii). No group or class of industry participants shall dominate or exercise disproportionate influence on the Business Conduct Committee or any BCC Panel. No member of a BCC Panel that considers whether to accept a settlement or letter of consent in a disciplinary matter under Chapter 7 shall be a member of the BCC Panel that conducts a hearing or summary proceedings in that matter under Chapter 7. No BCC Panel shall include any member of the Business Conduct Committee that has a financial, personal or other direct interest in the matter under consideration.

Amended October 17, 2012 (12-26); October 31, 2017 (17-016); March 13, 2019 (19-003); May 29, 2019 (19-009).

## **210. Reserved**

Amended June 30, 2015 (15-17); May 15, 2020 (20-011).

## **211. Reserved**

Amended October 31, 2017 (17-016); May 29, 2019 (19-009).

## **212. Exchange Committees; Special Committees of the Board**

(a) The Exchange may create such Exchange committees as it may from time to time deem necessary or advisable. Members of such committees may be members of the Board, Trading Privilege Holders or general partners, shareholders or LLC members (as applicable) or officers or employees of Trading Privilege Holders, Authorized Traders or other individuals who are considered to be qualified, subject to any regulatory requirements. Except as may be otherwise provided in the Constitutive Documents, and subject to the authority of the Board, each such committee shall determine the manner, form and time of conducting its proceedings. The vote of a majority of the members of any such committee voting at a meeting at which a quorum is present shall be the act of such committee. Alternatively, each such committee may act without a meeting in either of the following ways:

(i) The committee may act without a meeting by written consent of a majority of its members.

(ii) The members of the committee may be individually polled to vote on issues (x) requiring prompt action or action prior to the next regularly scheduled meeting of the committee and (y) where the calling of a special meeting of the committee, in the opinion of the chairman of the committee or the President, would be impractical. Any such poll may be conducted by telephone, by means of electronic transmission, and/or in person. An attempt shall be made to contact each member of the committee in any such poll. A poll reaching at least 50% of the members of the committee shall be sufficient to constitute a quorum of the committee and the approval of a majority of the members of the committee voting in such a poll shall constitute requisite committee action, even if all members of the committee are not reached in connection with the poll. The results of any such poll shall be reported at the next physical meeting of the committee.

(b) In addition to the Standing Committees, the Board may from time to time constitute and appoint, by rule or resolution, special committees of the Board and designate their composition, responsibilities and powers.

(c) The provisions regarding Standing Committees in Rule 206 shall apply to any Exchange committees or special committees of the Board formed pursuant to paragraph (a) or (b) above with any such modifications or adaptations as may be necessary or appropriate under the circumstances.

Amended January 21, 2005 (05-01); February 18, 2005 (05-08); April 26, 2010 (10-04).

### **213. Power of the Board to Review Exchange Decisions**

The Board shall have the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions or inactions of Standing Committees, Exchange committees and special committees of the Board formed pursuant to Rules 206 through 212; all officers of the Exchange appointed pursuant to Rule 205; and all other employees, representatives, or agents of the Exchange. Where applicable, this Board power and authority shall be subject to specific procedures set forth in the Rules of the Exchange.

Amended February 24, 2006 (06-04); April 26, 2010 (10-04); June 18, 2010 (10-05).

## **Confidentiality and Conflicts of Interest**

### **214. Confidentiality and Conflicts of Interest**

(a) No member of the Board or any committee established by the Board or the Rules of the Exchange shall use or disclose any material non-public information, obtained in connection with such member's participation in the Board or such committee, for any purpose other than the performance of his or her official duties as a member of the Board or such committee.

(b) No officer, employee or agent of the Exchange shall (i) trade in any commodity interest or security if such officer, employee or agent has access to material non-public information concerning such commodity interest or security or (ii) disclose to any other Person material non public information obtained in connection with such employee's, officer's or agent's employment, if such employee, officer or agent could reasonably expect that such information may assist another Person in trading any commodity interest or security.

(c) Exchange employees shall be subject to Exchange policies and procedures regarding the acceptance of any gift, gratuity, compensation or any other form of remuneration from any Trading Privilege Holder or any Related Party of a Trading Privilege Holder.

(d) The Exchange enforcement staff may not include any Trading Privilege Holder, Related Party of a Trading Privilege Holder or individual whose interests conflict with the Exchange's enforcement duties. A member of the Exchange enforcement staff may not operate under the direction or control of any Person or Persons with Trading Privileges on the Exchange.

(e) For purposes of this Rule 214, the terms "employee," "material information," "non-public information," "related commodity interest" and "commodity interest" shall have the meanings ascribed to them in Commission Regulation § 1.59 and the term "security" shall have the meaning ascribed to it in Section 3(a)(10) of the Exchange Act.

Amended July 26, 2005 (05-20); April 26, 2010 (10-04); October 17, 2012 (12-26); March 13, 2019 (19-003).

## **215. Conflicts of Interest - Named Party in Interest or Financial Interest in Significant Action**

### **(a) *Named Party in Interest Conflict.***

(i) *Prohibition.* No member of the Board, the Business Conduct Committee, any BCC Panel or any other “disciplinary committee” or “oversight panel” (both as defined in Commission Regulation § 1.69) of the Exchange shall knowingly participate in such body’s deliberations or voting in any matter involving a named party in interest where such member (A) is a named party in interest, (B) is an employer, employee or fellow employee of a named party in interest, (C) has any other significant, ongoing business relationship with a named party in interest, excluding relationships limited to executing Futures or Options transactions opposite each other or to clearing Futures or Options transactions through the same Clearing Members or (D) has a family relationship with a named party in interest. For purposes of this clause (i), a “family relationship” exists between a named party in interest and a member if such party is the member’s spouse, former spouse, parent, stepparent, child, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece or in-law.

(ii) *Disclosure.* Prior to consideration of any matter involving a named party in interest, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the General Counsel, or his or her designee, whether such member has one of the relationships listed in clause (i) above with a named party in interest.

(iii) *Procedure and Determination.* The General Counsel, or his or her designee, shall determine whether any member of the relevant deliberating body who does not choose to abstain from deliberations and voting is subject to a conflicts restriction under this paragraph (a). Such determination shall be based upon a review of the following information:

(A) information provided by such member pursuant to clause (ii) above; and

(B) any other source of information that is held by and reasonably available to the Exchange.

### **(b) *Financial Interest in a Significant Action Conflict.***

(i) *Prohibition.* No member of the Board, the Business Conduct Committee, any BCC Panel or any other “disciplinary committee” or “oversight panel” (both as defined in Commission Regulation § 1.69) of the Exchange shall participate in such body’s deliberations and voting on any significant action if such member knowingly has a direct and substantial financial interest in the result of the vote based upon either Exchange or non-Exchange positions that could reasonably be expected to be affected by the significant action under consideration, as determined pursuant to clause

(iii) below. For purposes of this clause (i), the term “significant action” means (A) any action or rule change that addresses a specific Emergency or (B) any change in margin level that are designed to respond to extraordinary market conditions or that otherwise are likely to have a substantial effect on prices in any Contract.

(ii) *Disclosure.* Prior to consideration of any significant action, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the General Counsel, or his or her designee, position information that is known to such member with respect to any particular contract expiration or expirations that are under consideration, and any other positions which the deliberating body reasonably expects could be affected by the significant action, as follows:

(A) gross positions held at the Exchange in such member’s personal accounts or “controlled accounts,” as defined in Commission Regulation § 1.3(j);

(B) gross positions held at the Exchange in proprietary accounts, as defined in Commission Regulation § 1.17(b)(3), at such member’s affiliated firm;

(C) gross positions held at the Exchange in accounts in which such member is a principal, as defined in Commission Regulation § 3.1(a);

(D) net positions held at the Exchange in Customer accounts, as defined in Commission Regulation § 1.17(b)(2), at such member’s affiliated firm; and

(E) any other types of positions, whether maintained at the Exchange or elsewhere, held in such member’s personal accounts or the proprietary accounts of such member’s affiliated firm, that the Exchange reasonably expects could be affected by the significant action.

(iii) *Procedure and Determination.* The General Counsel, or his or her designee, shall determine whether any member of the relevant deliberating body who does not choose to abstain from deliberations and voting is subject to a conflicts restriction under this paragraph (b). Such determination shall be based upon a review of the following information:

(A) the most recent large trader reports and clearing records available to the Exchange;

(B) information provided by such member pursuant to clause (ii) above; and

(C) any other source of information that is held by and reasonably available to the Exchange taking into consideration the exigency of the significant action being contemplated.

(D) Unless the deliberating body establishes a lower position level, a member thereof shall be subject to the prohibition set forth in clause (i) above if the review by the General Counsel, or his or her designee, identifies a position in such member's personal or controlled accounts or accounts in which such member is a principal as specified in subclauses (ii)(A), (C) and (E), in excess of an aggregate number of 10 lots of Futures and Options converted to Futures equivalents, taken together, or a position in the accounts of such member's affiliated firm as specified in subclauses (ii)(B), (D) and (E), in excess of an aggregate number of 100 lots of Futures and Options converted to Futures equivalents, taken together.

(iv) *Deliberation Exemption.* Any member of the Board, the Business Conduct Committee, any BCC Panel or any other "disciplinary committee" or "oversight panel" (both as defined in Commission Regulation § 1.69) of the Exchange who would otherwise be required to abstain from deliberations and voting pursuant to clause (i) above may participate in deliberations, but not voting, if the deliberating body, after considering the factors specified below, determines that such participation would be consistent with the public interest; *provided, however*, that before reaching any such determination, the deliberating body shall fully consider the position information specified in clause (ii), above, which is the basis for such member's substantial financial interest in the significant action that is being contemplated. In making its determination, the deliberating body shall consider:

(A) whether such member's participation in the deliberations is necessary to achieve a quorum; and

(B) whether such member has unique or special expertise, knowledge or experience in the matter being considered.

(c) *Documentation.* The minutes of any meeting to which the conflicts determination procedures set forth in this Rule 215 apply shall reflect the following information:

(i) the names of all members of the relevant deliberating body who attended such meeting in person or who otherwise were present by electronic means;

(ii) the name of any member of the relevant deliberating body who voluntarily recused himself or herself or was required to abstain from deliberations or voting on a matter and the reason for the recusal or abstention, if stated;

(iii) information on the position information that was reviewed for each member of the relevant deliberating body; and

(iv) any determination made in accordance with clause (iv) of paragraph (b) above.

Amended April 26, 2010 (10-04); October 17, 2012 (12-26), December 15, 2014 (14-17).

## **Regulation**

### **216. Regulatory Cooperation and Information-Sharing Agreements**

The Exchange may from time to time enter into such agreements with domestic or foreign self-regulatory organizations, associations, boards of trade, swap execution facilities, trading venues and their respective regulators providing for the exchange of information and other forms of mutual assistance for financial surveillance, routine audits, market surveillance, investigative, enforcement and other regulatory purposes as the Exchange may consider necessary or appropriate or as the Commission may require. The Exchange may be a direct party to these information sharing agreements or be party to these information sharing agreements as a third party beneficiary to information sharing agreements entered into by Exchange affiliates. The Exchange is authorized to provide information to any such organization, association, board of trade, swap execution facility, trading venue or regulator that is a party to an information sharing agreement with the Exchange, in accordance with the terms and subject to the conditions set forth in such agreement. Without limiting the generality of the foregoing, the Exchange shall have the capacity to carry out international information-sharing agreements as the Commission may require.

Amended July 26, 2005 (05-20); October 17, 2012 (12-26); December 3, 2017 (17-018).

### **217. Reserved**

Adopted April 10, 2006 (06-06). Amended October 17, 2012 (12-26); January 1, 2021 (2020-036).

### **218. Regulatory Services Provided by The Options Clearing Corporation**

The Exchange has contracted with The Options Clearing Corporation (“OCC”) to provide certain regulatory services to the Exchange pursuant to a Regulatory Services Agreement. In accordance with that Agreement, OCC may perform for the Exchange certain financial surveillance functions and functions related to the protection of customers. The Exchange may provide information to and receive information from OCC in connection with the performance by OCC of those functions.

Adopted October 17, 2012 (12-26).

### **219. Communications Regarding Regulatory Matters**

Trading Privilege Holders and Related Parties shall not discuss with Exchange directors or non-regulatory personnel issues, questions, concerns, or complaints



about regulatory matters (as defined in Exchange Policy and Procedure XIII), except to the extent permitted by the Rules of the Exchange.

Adopted October 17, 2012 (12-26).

## **Minutes**

### **220. Minutes**

The Board and each Board or Exchange committee shall keep minutes of each of its meetings which reflect all of the decisions made by the Board or committee at that meeting.

Adopted September 10, 2010 (10-06); October 17, 2012 (12-26).

## **CHAPTER 3**

### **MEMBERSHIP AND TRADING PRIVILEGES**

#### **Classes of Interest**

##### **301. LLC Members**

All equity interests in the Exchange shall be held by the LLC members of the Exchange from time to time, and all voting rights related to such interests shall be exercised by such LLC members in accordance with the Rules of the Exchange.

##### **302. Trading Privilege Holders**

(a) Each Trading Privilege Holder shall have the right to access the CFE System, including the right to place Orders for each of its proprietary accounts and, if otherwise registered in any required capacity (if so required) to place Orders for the accounts of Customers.

(b) Subject to the requirements and procedures set forth in this Chapter 3, Trading Privileges shall be offered to all applicants from time to time approved by the Exchange as eligible to be Trading Privilege Holders, subject to any limitations or restrictions from time to time imposed by the Exchange.

(c) Trading Privileges are non-transferable, non-assignable and may not be sold or leased, except that a Trading Privilege Holder may, with the prior written consent of the Exchange, transfer Trading Privileges to a Trading Privilege Holder organization or organization approved to be a Trading Privilege Holder: (i) which is an Affiliate; or (ii) which continues substantially the same business without regard to the form of the transaction used to achieve such continuation, e.g., merger, sale of substantially all assets, reincorporation, reorganization or the like.

(d) By virtue of obtaining Trading Privileges, a Trading Privilege Holder shall not obtain any equity or other interest in the Exchange, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger or consolidation involving the Exchange or otherwise.

(e) A Trading Privilege Holder may access the CFE System through a direct connection to the CFE System or through an Independent Software Vendor with a direct connection to the CFE System. Trading Privilege Holders and Independent Software Vendors must comply with the technical specifications and requirements for establishing a direct connection to the CFE System that are prescribed by the Exchange in order to put in place a direct connection to the CFE System.

(f) A Trading Privilege Holder may obtain one or more EFIDs from the Exchange in a form and manner prescribed by the Exchange. An EFID is a unique identifier assigned by the Exchange to a Trading Privilege Holder that is utilized by the CFE System to identify the clearing number for the execution of Orders, Block Trades, and Exchange of Contract for Related Position transactions submitted to the Exchange with that EFID. Each EFID corresponds to a single

Trading Privilege Holder and a single clearing number of a Clearing Member with the Clearing Corporation. A Trading Privilege Holder may obtain EFIDs for multiple clearing numbers (including multiple clearing numbers of different Clearing Members and multiple clearing numbers of the same Clearing Member) and may obtain multiple EFIDs for the same clearing number. In order to obtain and utilize an EFID that is effective for use in identifying the clearing number of a Clearing Member for the execution of Orders submitted to the Exchange with that EFID, a Trading Privilege Holder must have an effective letter of guarantee from that Clearing Member that is on file with the Exchange in accordance with Rule 1101. A Trading Privilege Holder will have the ability, in a form and manner prescribed by the Exchange, to designate which of the Trading Privilege Holder's EFIDs may be utilized for each of the Trading Privilege Holder's match capacity allocations to the CFE System. If an Order is routed through a match capacity allocation with an EFID that is not enabled for that match capacity allocation, the Order will be rejected or canceled back to the sender.

(g) An Independent Software Vendor (also referred to as a Service Bureau) is an organization that (i) provides connectivity to the CFE System on behalf of one or more Trading Privilege Holders for trading activities of the Trading Privilege Holder(s) and/or (ii) obtains connectivity to the CFE System in order to receive data made available by the Exchange that is specific to a particular Trading Privilege Holder or Clearing Member on behalf of the applicable Trading Privilege Holder(s) or Clearing Member(s). The Exchange may prescribe certification and documentation requirements and specifications relating to the establishment and maintenance of CFE System connectivity that must be satisfied in order to act as an Independent Software Vendor. An Independent Software Vendor capacity is not a Trading Privilege Holder capacity, and an Independent Software Vendor is not required to be a Trading Privilege Holder. An Independent Software Vendor may act in other capacities in relation to the Exchange provided that it does so in a form and manner as may be prescribed by the Exchange and in accordance with any applicable Rules of the Exchange. If an Independent Software Vendor is a Trading Privilege Holder, it must access the Exchange through its own EFID(s), logical port(s) and match capacity allocation(s) when acting in its capacity as a Trading Privilege Holder. Logical port(s) and match capacity allocation(s) established by an Independent Software Vendor in its capacity as an Independent Software Vendor may not be used by the Independent Software Vendor itself for its own trading activities or the receipt of its own data. Each Trading Privilege Holder that accesses the CFE System through the services of an Independent Software Vendor is subject to all of the Rules of the Exchange that apply to Trading Privilege Holders, including, without limitation, audit trail and order entry requirements with respect to Orders submitted through the connectivity provided by the Independent Software Vendor and the requirement that a Trading Privilege Holder be guaranteed by a Clearing Member in accordance with Rule 1101. No Person other than a Trading Privilege Holder may receive connectivity to the CFE System from an Independent Software Vendor for trading activities (except that it is permissible for an Independent Software Vendor to provide connectivity to the CFE System to another Independent Software Vendor solely for purposes of

enabling one or more Trading Privilege Holders to access the CFE System for trading activities).

(h) Any Trading Privilege Holder that receives connectivity to the CFE System through an Independent Software Vendor for trading activities must do so through its own EFID(s) and through one or more logical port(s) and match capacity allocation(s) that are not utilized by any other Trading Privilege Holder. If a Trading Privilege Holder receives connectivity to the CFE System through more than one Independent Software Vendor for trading activities, the Trading Privilege Holder must do so through different logical port(s) and match capacity allocation(s) for each of those Independent Software Vendors. In order for a Trading Privilege Holder to utilize its own EFID for an Order that is submitted to the CFE System through connectivity to the CFE System provided by another Person, that other Person must be an Independent Software Vendor and the Order must be submitted through the connectivity provided by that other Person in its capacity as an Independent Software Vendor. An Independent Software Vendor that obtains connectivity to the CFE System in order to receive data on behalf of a Trading Privilege Holder or Clearing Member must do so through one or more logical port(s) and match capacity allocation(s) that are not utilized for any other Trading Privilege Holder or Clearing Member or for receipt of the Independent Software Vendor's own data. If a Trading Privilege Holder or Clearing Member utilizes more than one Independent Software Vendor for the receipt of data, different logical port(s) and match capacity allocations must be used for each of those Independent Software Vendors.

(i) Other than as permitted by this Rule 302 in relation to Independent Software Vendors that provide connectivity to the CFE System on behalf of one or more Trading Privilege Holders, no Person other than a Trading Privilege Holder and its Authorized Traders may have a direct electronic connection to the CFE System for trading activities. Without limiting the generality of the foregoing, no Person, such as a Customer, that is not a Trading Privilege Holder or Authorized Trader may enter Orders directly into the CFE System for execution. Instead, any Order entered by a Person, such as a Customer, that is not a Trading Privilege Holder or Authorized Trader must pass through a Trading Privilege Holder's system(s) and be processed in a material manner by the Trading Privilege Holder's system(s) before receipt of the Order by the CFE System. In addition to a Trading Privilege Holder's own system(s), a Trading Privilege Holder's system(s) shall be deemed to include for this purpose a hosted system environment of an Independent Software Vendor that the Independent Software Vendor makes available for use by a Trading Privilege Holder and that is controlled by the Trading Privilege Holder, including in relation to access to the environment and risk control parameters applied within the environment. Solely passing through a Trading Privilege Holder's network connection is not sufficient to satisfy the requirement that an Order pass through and be processed in a material manner by a Trading Privilege Holder's system(s). No Trading Privilege Holder or Related Party shall facilitate or assist in providing a Person that is not a Trading Privilege Holder or Authorized Trader with a direct electronic connection to the CFE System for trading activities.

Amended May 13, 2004 (04-14); July 26, 2005 (05-20); October 17, 2012 (12-26); August 13, 2013 (13-30); February 25, 2018 (17-017); April 25, 2018 (18-005). May 1, 2019 (19-008).

### **303. Authorized Traders**

Each Trading Privilege Holder may from time to time permit one or more individuals to act as its Authorized Traders. Each Authorized Trader shall satisfy such requirements as may be prescribed by the Exchange from time to time. Without limiting the generality of the foregoing, each Trading Privilege Holder shall ensure that each of its Authorized Traders shall be technically proficient and shall conduct its business in a fair and equitable manner.

Amended March 16, 2017 (17-004).

#### **303A. Order Entry Operator IDs**

(a) Each Trading Privilege Holder, in a form and manner prescribed by the Exchange, shall include an Order Entry Operator ID with every Order (including, without limitation, every Cancel Order and Cancel Replace/Modify Order) from that Trading Privilege Holder that is submitted to the CFE System. Any Order submitted to the CFE System that does not contain an Order Entry Operator ID in a form and manner prescribed by the Exchange will be rejected or canceled back to the sender by the CFE System.

(b) Order Entry Operator IDs are subject to the following requirements (except in relation to Automated Trading Systems, with respect to which paragraph (c) below is applicable):

(i) Each Order Entry Operator ID shall represent

(A) the natural person physically responsible for entering the Order into the CFE System (if a natural person entered the Order into the CFE System); or

(B) the natural person physically responsible for entering the Order directly or indirectly into a system of or used by a Trading Privilege Holder that interfaces with the CFE System (if no natural person entered the Order into the CFE System and instead a natural person entered the Order directly or indirectly into a system of or used by a Trading Privilege Holder that interfaces with the CFE System).

(ii) An Order Entry Operator ID issued for a natural person may only be used by that natural person. An Order Entry Operator ID issued for a natural person may not be used by any other natural person or entity and may not be used as the Order Entry Operator ID for an Automated Trading System.

(c) Order Entry Operator IDs are subject to the following requirements in relation to Automated Trading Systems:

(i) For purposes of this Rule 303A, an Automated Trading System is a system that automates the generation and routing of Orders.

(ii) Each Order originating from an Automated Trading System that is submitted to the CFE System shall include an Order Entry Operator ID for that Automated Trading System.

(iii) An Order Entry Operator ID issued for an Automated Trading System may only be used for that Automated Trading System. An Order Entry Operator ID issued for an Automated Trading System may not be used for any other Automated Trading System and may not be used as the Order Entry Operator ID for any natural person or entity.

(iv) If a natural person utilizes a front-end trading system with automated functionality (such as spreading functionality) and the use of that functionality is ancillary to the natural person's manual trading, an Order Entry Operator ID is not required to be used for that front-end trading system. In that event, the natural person's Order Entry Operator ID may be used for the submission of Orders originating from that front-end trading system. If, however, the automated functionality of the front-end trading system generates a majority of the natural person's Orders, that front-end trading system shall be treated as an Automated Trading System for purposes of this Rule 303A and an Order Entry Operator ID for the front-end trading system must be included in each Order generated by the front-end trading system in order to differentiate those Orders from manual Orders submitted by the natural person.

(d) Each Trading Privilege Holder shall comply with the following issuance, recordkeeping, and reporting requirements related to Order Entry Operator IDs:

(i) Each Order Entry Operator ID issued for a natural person or Automated Trading System for inclusion with any Order from the Trading Privilege Holder that is submitted to the CFE System shall be unique, and shall not be associated with more than one natural person or Automated Trading System, at the Clearing Member level. Each Trading Privilege Holder and any Clearing Member utilized by the Trading Privilege Holder shall coordinate as necessary in order to ensure that this requirement is satisfied.

(ii) Each Trading Privilege Holder shall collect and maintain accurate, complete, and up-to-date records with the following information for each Order Entry Operator ID issued for a natural person or Automated Trading System for inclusion with any Order from the Trading Privilege Holder that is submitted to the CFE System:

(A) a clear identification of whether the Order Entry Operator ID is issued for a natural person or Automated Trading System;

(B) if the Order Entry Operator ID is issued for a natural person, the name, address, telephone and e-mail contact information, and position or relationship to the Trading Privilege Holder of the natural person;

(C) if the Order Entry Operator ID is issued for an Automated Trading System, the name, address, telephone and e-mail contact information, and position or relationship to the Trading Privilege Holder of the head operator of the Automated Trading System;

(D) and any other related information as may be prescribed by the Exchange.

(iii) Each Trading Privilege Holder shall provide to the Exchange in a form and manner prescribed by the Exchange information requested by the Exchange regarding any Order Entry Operator IDs and the natural persons and Automated Trading Systems for which they have been issued for inclusion with any Order from the Trading Privilege Holder that is submitted to the CFE System. The information requested relating to an Automated Trading System may include, among other things, information regarding the head operator and other individuals that operate the Automated Trading System and the type of models, algorithms, programs, and systems utilized by the Automated Trading System.

(iv) Each Trading Privilege Holder shall promptly report to the Exchange in a form and manner prescribed by the Exchange any new or changed information regarding Order Entry Operator IDs that are identified to the Trading Privilege Holder by the Exchange as being subject to this reporting requirement.

Adopted July 20, 2011 (11-18). Amended February 16, 2012 (12-01); August 23, 2012 (12-17); March 16, 2017 (17-004); February 25, 2018 (17-017); July 2, 2019 (19-012).

## **Trading Privilege Holders**

### **304. Eligibility for Trading Privileges**

(a) Each Person that wishes to obtain Trading Privileges must (i) to the extent required by Applicable Law, be registered or otherwise permitted by the appropriate regulatory body or bodies to conduct business on the Exchange and (ii) be guaranteed by a Clearing Member in the manner described in Rule 1101. In addition, the Exchange may deny (or may condition) the grant of Trading Privileges, or may prevent a Person from becoming associated (or may condition an association) with a Trading Privilege Holder as a Related Party for the same reasons for which the NFA may deny or revoke registration of a futures commission merchant or if such Person:

(i) is unable satisfactorily to demonstrate a capacity to adhere to all applicable Rules of the Exchange, Rules of the Clearing Corporation, Commission Regulations (and, to the extent the Person applies for Trading Privileges with respect to Security Futures, applicable Exchange Act Regulations), including those concerning record-keeping, reporting, finance and trading procedures;

(ii) is subject to any statutory disqualification (unless an appropriate exemption has been obtained thereto);

(iii) would bring the Exchange into disrepute; or

(iv) for such other cause as the Exchange reasonably may decide.

(b) The Exchange shall deny the grant of Trading Privileges where an applicant has failed to meet any requirements for such grant.

(c) The Exchange may determine not to permit a Trading Privilege Holder to keep its Trading Privileges or not permit a Person associated with a Trading Privilege Holder as a Related Party to maintain the Person's association with the Trading Privilege Holder, or may condition such Trading Privileges or association, as the case may be, if such Trading Privilege Holder or Person:

(i) fails to meet any of the qualification requirements for Trading Privileges or association after such Trading Privileges or association have been approved or come into effect;

(ii) becomes subject to any statutory disqualification (unless an appropriate exemption has been obtained with respect thereto);

(iii) fails to meet any condition placed by the Exchange on such Trading Privileges or association; or

(iv) violates any agreement with the Exchange.

(d) Any decision made by the Exchange pursuant to this Rule 304 must be consistent with the provisions of this Rule and the provisions of the CEA. Any applicant to become a Trading Privilege Holder who has been denied Trading Privileges pursuant to this Rule 304 shall not be eligible for re-application during the six months immediately following such denial.

Amended September 1, 2004 (04-17); July 26, 2005 (05-20); June 18, 2010 (10-05); October 17, 2012 (12-26); June 30, 2015 (15-17); March 16, 2017 (17-004); May 15, 2020 (20-011).

### **305. Application for Trading Privileges**

(a) Each applicant for Trading Privileges shall submit an application to the Exchange in a form and manner prescribed by the Exchange. The Exchange may investigate in a form and manner determined by the Exchange any applicant; any executive officers, authorized signatories or administrators of an applicant; and any



executive officers, authorized signatories or administrators added by a Trading Privilege Holder subsequent to being approved as a Trading Privilege Holder. Each applicant shall promptly update the application materials if any of the information provided therein becomes inaccurate or incomplete after the date of submission and prior to any approval of the application.

(b) Upon completion of the application process, the Exchange shall determine whether to approve or disapprove the application, unless there is a just cause for delay. One such just cause for delay is when an applicant for Trading Privileges is the subject of an inquiry, investigation, or proceeding conducted by a self-regulatory organization or governmental authority that involves the applicant's fitness to be a Trading Privilege Holder. In such instance, the Exchange may defer taking action on the application until the matter has been resolved.

(c) Each Person approved as a Trading Privilege Holder shall agree in writing to abide by the Rules of the Exchange.

(d) If the application process is not completed within six months of submission of an application to be a Trading Privilege Holder, the application shall be deemed to be withdrawn.

(e) Each applicant to be a Trading Privilege Holder must become effective in that status within 90 days of the date of the applicant's approval for that status.

(f) An applicant to be a Trading Privilege Holder shall become an effective Trading Privilege Holder upon (i) satisfying the applicable requirements to obtain Trading Privileges and (ii) release of Trading Privileges to that Trading Privilege Holder by the Exchange.

(g) Each Trading Privilege Holder that is not registered or notice-registered with the NFA and that is not a Cboe Options trading permit holder shall promptly update the following information on file with the Exchange through the submission of application materials by the Trading Privilege Holder and updates to those materials pursuant to this Rule 305(g) if that information becomes inaccurate or incomplete:

(i) disciplinary history information;

(ii) executive officer information; and

(iii) information regarding ownership interests in the Trading Privilege Holder.

Amended February 17, 2004 (04-05); July 26, 2005 (05-20); June 18, 2010 (10-05); August 13, 2013 (13-30); June 30, 2014 (14-15); June 30, 2015 (15-17); October 31, 2017 (17-016); February 25, 2018 (17-017); April 25, 2018 (18-005).

### **305A. Pooled Investment Vehicles**

With respect to any pooled investment vehicle (“Pool”) and any entity that acts as an operator, investment manager, investment advisor or in any other similar managerial or advisory capacity to, and/or that otherwise exercises discretionary authority on behalf of, a Pool (“Pool Manager”) that is approved for Trading Privileges, (i) the term “Trading Privilege Holder” shall be deemed to include the Pool together with the Pool Manager(s) and (ii) the Pool and the Pool Manager(s) are each subject to the Rules of the Exchange (including, without limitation, the requirements of Rule 305B) and to the jurisdiction of the Exchange as applicable to Trading Privilege Holders. If an entity serves as a Pool Manager of multiple Pools, a separate approval must be obtained from the Exchange for each Pool that intends to avail itself of the benefits of Trading Privileges on the Exchange, including any Trading Privilege Holder fee rates for transactions on the Exchange on behalf of the Pool.

Adopted May 14, 2013 (13-17). Amended August 13, 2013 (13-30).

### **305B. Foreign Trading Privilege Holders**

(a) Each Trading Privilege Holder shall be organized under the laws of, and be solely responsible for ensuring that the location of any CFE Workstation is in, the United States or a foreign jurisdiction expressly approved by the Exchange. Any approval by the Exchange of a foreign jurisdiction may (i) be limited to one or more specified categories of Trading Privilege Holders or Trading Privilege Holder activities and/or (ii) be contingent upon the satisfaction of specified conditions by any Trading Privilege Holder organized under the laws of, or with a CFE Workstation in, the foreign jurisdiction.

(b) Any Trading Privilege Holder organized under the laws of, or with a CFE Workstation in, a foreign jurisdiction (“Foreign Trading Privilege Holder”) shall:

(i) ensure the availability of an individual fluent in English and knowledgeable about the Trading Privilege Holder’s futures business and financial matters to assist the representatives of the Exchange during examinations;

(ii) maintain in English and U.S. dollars any books and records required to be kept by the Trading Privilege Holder under the Rules of the Exchange;

(iii) prior to acting as agent for a Customer from a foreign jurisdiction in relation to an Exchange Contract, obtain written consent from that Customer that permits the Trading Privilege Holder to provide information regarding the Customer and the Customer’s activities in Exchange Contracts to the Exchange in response to a regulatory request for information pursuant to the Rules of the Exchange; and

(iv) be subject to the jurisdiction of the federal courts of the United States and the courts of Illinois.

(c) In accordance with Commission Regulation § 15.05, the Exchange will serve as an agent of a Foreign Trading Privilege Holder, or a Customer of a Foreign Trading Privilege Holder for whom transactions were executed, for purposes of accepting delivery and service of any communication issued by or on behalf of the Commission to the Foreign Trading Privilege Holder, or a Customer of the Foreign Trading Privilege Holder, in each case with respect to any transactions executed by the Foreign Trading Privilege Holder on the Exchange.

(d) The Exchange may withdraw the approval of a foreign jurisdiction at any time. In that event, any Trading Privilege Holder organized under the laws of, or with any CFE Workstations located in, that foreign jurisdiction on the date of the approval withdrawal shall have three months from that date to come into compliance with Rule 305B(a). If the Trading Privilege Holder does not come into compliance with Rule 305B(a) within that three month time period, the Exchange may terminate the Trading Privileges of that Trading Privilege Holder.

Adopted February 1, 2013 (13-03). Amended May 14, 2013 (13-17); June 17, 2013 (13-26); June 30, 2014 (14-15) February 25, 2018 (17-017); April 25, 2018 (18-005).

### **306. Dues, Assessments and Fees**

(a) The Exchange shall have the sole power to set the dates and amounts of any dues, assessments or fees to be levied on Trading Privilege Holders, which dues, assessments or fees shall be paid to the Exchange when due.

(b) If a Trading Privilege Holder fails to pay when due any Exchange dues, assessments or fees levied on such Trading Privilege Holder, and such payment obligation remains unsatisfied for six consecutive months after its due date, the Exchange may suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of such Trading Privilege Holder as it deems necessary or appropriate.

### **307. Emergency Disciplinary Actions and Limitations of Trading Privileges**

Notwithstanding anything in Rule 304 to the contrary, the Exchange may at any time impose a sanction or take other summary action against any Trading Privilege Holder or Related Party of a Trading Privilege Holder if, upon the reasonable belief of the Exchange, such immediate action is necessary to protect the best interest of the marketplace, including, without limitation, for the protection of Customers, Trading Privilege Holders, Clearing Members or the Exchange. Any such sanction or other summary action may include, without limitation, revoking, suspending, limiting, conditioning, restricting, denying or qualifying the access to the Exchange, the Trading Privileges or the activities, functions and operations of a Trading Privilege Holder or Related Party of a Trading Privilege Holder. One instance in which the Exchange may take action under this Rule 307 is if a Trading Privilege Holder or Related Party is or becomes subject to a statutory disqualification. The following procedures shall be applicable to any such action:

(i) If practicable, a Respondent shall be served with a notice before the action is taken, or otherwise at the earliest possible opportunity. The notice shall state the action, briefly state the reasons for the action, and state the effective time and date, and the duration of the action.

(ii) The Respondent shall be entitled to be represented in all proceedings subsequent to the imposition of the emergency action by legal counsel or any representative of the Respondent's choosing, except for any member of the Exchange's Board of Directors or Business Conduct Committee, any Exchange employee or any Person substantially related to the emergency action, such as a material witness or a Respondent.

(iii) The Respondent may make a written request in accordance with Rule 704(c) for access to books, documents or other evidence concerning the emergency action that are in the possession or under the control of the Exchange, except that the sixty day time period in Rule 704(c) shall not be applicable and any such request must be made within 10 days from the date of service of the notice of the emergency action.

(iv) The Respondent shall have 10 days from the date of service of the notice of the emergency action to request a hearing regarding the emergency action by providing written notice of the request to the Secretary. In the event that the Respondent requests a hearing regarding the emergency action, the hearing shall be held as soon as reasonably practicable.

(v) The hearing shall be conducted before a BCC Panel pursuant to Rule 706, except that the BCC Panel may determine in accordance with paragraph (a)(iv) above to shorten the fifteen day and five day time periods in Rule 706(b).

(vi) Promptly following the hearing, the BCC Panel shall render a written decision based upon the weight of the evidence contained in the record of the proceeding and shall serve notice of the decision upon the Respondent pursuant to Rule 712 and upon the Exchange. The decision shall include a description of the summary action taken; the reasons for the summary action; a summary of the evidence produced at the hearing; a statement of findings and conclusions; a determination that the summary action should be affirmed, modified or reversed; and a declaration of any action to be taken pursuant to the determination, and the effective date and duration of such action.

Amended July 26, 2005 (05-20); October 17, 2012 (12-26); May 15, 2015 (15-13); May 15, 2020 (20-011).

### **308. Consent to Exchange Jurisdiction**

(a) By accessing, or entering any Order into, the CFE System, and without any need for any further action, undertaking or agreement, a Trading Privilege Holder or Authorized Trader agrees (i) to be bound by, and comply with, the Rules of the

Exchange, the Rules of the Clearing Corporation and Applicable Law, in each case to the extent applicable to it, and (ii) to become subject to the jurisdiction of the Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Trading Privilege Holder or Authorized Trader.

(b) Any Trading Privilege Holder or Authorized Trader whose Trading Privileges are revoked or terminated, whether pursuant to Rule 307 or Chapter 7, shall remain bound by the Rules of the Exchange, the Rules of the Clearing Corporation and Applicable Law, in each case to the extent applicable to it, and subject to the jurisdiction of the Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Trading Privilege Holder or Authorized Trader prior to such revocation or termination.

(c) Any Person initiating or executing a transaction on or subject to the Rules of the Exchange directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of the Exchange and agrees to be bound by and comply with the Rules of the Exchange in relation to such transactions, including, but not limited to, rules requiring cooperation and participation in investigatory and disciplinary processes. Any futures commission merchant, broker-dealer, introducing broker, associated person, or foreign Person performing a similar role, that charges a commission or fee in connection with a transaction on or subject to the rules of the Exchange also expressly consents to the Exchange's jurisdiction. Any Person subject to this Rule 308(c) shall be referred to as a "Market Participant".

(d) Any Market Participant that is not a Trading Privilege Holder or Related Party is bound by and required to comply with the following Rules of the Exchange for purposes of Rule 308(c) to the same extent that a Trading Privilege Holder or Related Party is bound by and required to comply with those Rules of the Exchange: Rules 219, 303A(d)(iii), 303A(d)(iv), 306, 307, 308, 309, 310(a), 401, 402, 404, 404A, 405, 405A, 406, 406A, 407, 408, 409, 410, 411, 412, 412A, 412B(b), 413, 414, 415, 416, 417, 418, 419, 420, 501(c), 511, 512A, 516, 517, 601, 602, 603, 604, 606, 608, 609(b), 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, and 620, Chapter 7, Chapter 8, Chapter 9, Chapter 10, Rule 1104, every Exchange Contract Specification Chapter, Exchange Policy and Procedures III, IV, XII, XIX, XX and XVIII and the Exchange Fee Schedule.

(e) For the avoidance of doubt:

(i) Every Authorized Reporter for Exchange of Contract for Related Position transactions and Block Trades shall be deemed a Market Participant.

(ii) A Market Participant is bound by and required to comply with the Rules of the Exchange set forth in Rule 308(d) to the same extent that a Trading Privilege Holder or Related Party is bound by and required to comply with those

provisions regardless of whether or not those provisions reference Market Participants.

(f) A Trading Privilege Holder or Market Participant remains obligated to comply with the Rules of the Exchange, the Rules of the Clearing Corporation and Applicable Law, in each case to the extent applicable to that party, regardless of any use of a third party to assist the Trading Privilege Holder or Market Participant with that compliance and regardless of any non-performance by the third party in providing that assistance.

Amended August 20, 2012 (12-16); October 17, 2012 (12-26); March 18, 2013 (13-10); June 30, 2014 (14-15); June 13, 2016 (16-010); February 25, 2018 (17-017); July 2, 2019 (19-012); March 2, 2020 (20-005).

## **Exchange Communications**

### **309. Recording of Conversations**

The Exchange may record conversations between officers, employees or agents of the Exchange, on one hand, and Trading Privilege Holders (including their Related Parties) or Authorized Traders, on the other hand. Any such recordings may be retained by the Exchange in such manner and for such periods of time as the Exchange may deem necessary or appropriate.

### **310. Notices**

(a) Except as otherwise provided by the Rules of the Exchange, any notice required to be given by the Rules of the Exchange or otherwise shall be deemed to have been given:

(i) in person upon delivery of the notice in person to the Person to whom such notice is addressed;

(ii) by mail upon deposit of the notice in the United States mail, enclosed in a postage prepaid envelope;

(iii) by messenger or overnight courier service upon provision of the notice to the messenger or courier service, provided that the delivery method does not require payment of the messenger or courier service fee to deliver the notice by the Person to whom the notice is addressed;

(iv) by facsimile machine upon acknowledgment by the facsimile machine used to transmit the notice of the successful transmission of the notice;

(v) by electronic mail upon electronic transmission of the notice;  
and

(vi) by telephone when received.

Any such notice must be addressed to its intended recipient at the intended recipient's address (including the intended recipient's business or residence address, facsimile number, electronic address, or telephone number, as applicable) as it appears on the books and records of the Exchange, or if no address appears on such books and records, then at such address as shall be otherwise known to the Exchange, or if no such address appears on such books and records, then in care of the registered agent of the Exchange in the State of Delaware.

The Exchange may serve notice with respect to a matter on counsel for a Trading Privilege Holder or other Person on behalf of that Trading Privilege Holder or other Person provided that: (i) the Trading Privilege Holder or other Person has previously instructed the Exchange in writing to serve that counsel with any notices relating to that matter; and (ii) the counsel has previously notified the Exchange in writing that the counsel agrees to accept service of any notices relating to that matter on behalf of the Trading Privilege Holder or other Person and of a mailing address and an email address for service of those notices. If a counsel has provided a notice to the Exchange pursuant to the preceding sentence with respect to a matter, the Exchange may continue to serve that counsel on behalf of the Trading Privilege Holder or other Person with respect to that matter unless and until the counsel notifies the Exchange in writing that the counsel is no longer representing the Trading Privilege Holder or other Person with respect to that matter or that the counsel consents to service on the Trading Privilege Holder or other Person directly with respect to that matter.

(b) The Exchange shall publish each addition to, or modification of, the Rules of the Exchange, in a form and manner that is reasonably designed to enable each Trading Privilege Holder to become aware of and familiar with, and to implement any necessary preparatory measures with respect to, such addition or modification, prior to the effective date thereof; *provided* that any failure of the Exchange to do so shall not affect the effectiveness of the addition or modification in question. Notwithstanding and without limiting the generality of Rule 310(a), such publication shall be deemed notice to Trading Privilege Holders of the applicable addition to, or modification of, the Rules of the Exchange. Each Trading Privilege Holder shall undertake reasonable measures to make its respective Authorized Traders aware of the Rules of the Exchange. For purposes of publication in accordance with the first sentence of this Rule 310(b), it shall be sufficient (without limiting the discretion of the Exchange as to any other reasonable means of communication) if the applicable addition to, or modification of, the Rules of the Exchange (i) is published on the Exchange's website and (ii) the Exchange provides a mechanism for Trading Privilege Holders to receive notice of the posting to the Exchange's website of additions to, and modifications of, the Rules of the Exchange.

Amended March 17, 2010 (10-03); October 17, 2012 (12-26); July 31, 2013 (13-29); February 25, 2018 (18-002).

## **CHAPTER 4**

### **TRADING PROCEDURES AND STANDARDS**

#### **General**

#### **401. Contracts Traded on Cboe Futures Exchange**

The Exchange shall determine which Contracts are available for trading subject to the Rules of the Exchange from time to time, and approve rules containing the specifications for such Contracts; *provided* that certifications or applications with respect to such rules shall be submitted to the Commission as required by the CEA and the Commission Regulations thereunder.

Amended October 31, 2017 (17-016).

#### **402. Trading Hours**

(a) The Exchange shall from time to time determine (i) on which days the Exchange shall be regularly open for business in any Contract (“Business Days”) and (ii) during which hours trading in any Contract may regularly be conducted on such days (“Trading Hours”). Trading Hours shall include any regular and extended trading hours under the rules governing the relevant Contract. Except to the extent expressly permitted by the Rules of the Exchange, no Trading Privilege Holder (including its Authorized Traders) shall engage in any transaction in any Contract before or after such hours.

(b) The Exchange may modify its regular Business Days and Trading Hours to not be open for business or to have shortened trading hours in connection with a holiday or a period of mourning.

(c) The Exchange may from time to time adopt procedures for the opening or closing of trading in any Contract.

Amended July 26, 2005 (05-20); April 6, 2011 (11-09); October 17, 2012 (12-26); August 13, 2013 (13-30).

#### **Entry and Execution of Orders**

#### **403. Order Entry and Maintenance of Front-End Audit Trail Information**

(a) All Orders shall be entered into the CFE System by electronic transmission through a CFE Workstation, and the Exchange shall maintain an electronic record of those entries. Each Trading Privilege Holder (including its Authorized Traders) shall be responsible in every respect for any and all Orders entered by it (including its Related Parties) and for compliance by its Related Parties with this Rule 403. Prior to entering any Order, the relevant Related Party shall connect to the CFE System in a form and manner prescribed by the Exchange.

(b) Each single Order other than a Cancel Order or Cancel Replace/Modify Order must contain the following information: (i) whether such Order is a buy or



sell Order; (ii) Order type; (iii) price or premium (if the Order is not a Market Order); (iv) quantity; (v) in the case of Orders for Futures, Contract identifier or product and contract expiration(s); (vi) in the case of Orders for Options, either Contract identifier or each of strike price(s), type(s) of option(s) (put or call), expiration(s) and underlying Futures Contract(s); (vii) Client Order ID; (viii) EFID; (ix) Order Entry Operator ID; (x) Clearing Corporation origin code (C for Customer or F for Firm); (xi) Customer Type Indicator code; (xii) manual Order indicator; (xiii) account designation (which shall be the account number of the account of the party for which the Order was placed, except that a different account designation may be included in the case of a bunched Order processed in accordance with Rules 406(g) and 605 or in the case of an Order for which there will be a post-trade allocation of the resulting trade(s) to a different clearing member); and (xiv) such additional information as may be prescribed from time to time by the Exchange.

(c) Each Cancel Order must contain the following information: (i) Client Order ID of Order to be canceled; (ii) EFID; (iii) Order Entry Operator ID; (iv) manual Order indicator; and (v) such additional information as may be prescribed from time to time by the Exchange.

(d) Each Cancel Replace/Modify Order must contain the following information: (i) Client Order ID; (ii) Client Order ID of Order to be canceled; (iii) EFID; (iv) Order Entry Operator ID; (v) manual Order indicator; (vi) Order type; (vii) price or premium; (viii) quantity; and (ix) such additional information as may be prescribed from time to time by the Exchange.

(e) Each Bulk Message must contain the following information: (i) Quote Update ID; (ii) EFID; (iii) Order Entry Operator ID; (iv) Clearing Corporation origin code (C for Customer or F for Firm); (v) Customer Type Indicator code; (vi) manual Order indicator; (vii) account designation (which shall be the account number of the account of the party for which the Quotes in the Bulk Message were placed, except that a different account designation may be included in the case of a Quote that is a bunched Order processed in accordance with Rules 406(g) and 605 or in the case of a Quote for which there will be a post-trade allocation of the resulting trade(s) to a different clearing member); (viii) at least one Quote; and (ix) such additional information as may be prescribed from time to time by the Exchange.

(f) Each Quote must contain the following information: (i) whether the Quote is to buy or sell; (ii) price or premium; (iii) quantity; (iv) Contract identifier; and (v) such additional information as may be prescribed from time to time by the Exchange.

(g) In the event that any single Order, Bulk Message, or Quote does not contain required or permitted information in a form and manner prescribed by the Exchange:

(i) the single Order, Bulk Message, or Quote will be rejected or canceled back to the sender by the CFE System; or

(ii) the match capacity allocation through which the single Order, Bulk Message, or Quote was submitted will be disconnected by the CFE System.

(h) With respect to Orders received by a Trading Privilege Holder (including its Authorized Traders) which are immediately entered into the CFE System, no record needs to be kept by such Trading Privilege Holder, except as may be required pursuant to Rule 501 and Applicable Law. However, if a Trading Privilege Holder (including its Authorized Traders) receives Orders which cannot be immediately entered into the CFE System, such Trading Privilege Holder must prepare an order form in a non-alterable written medium, which shall be time-stamped and include the account designation, date and other required information. Each such form must be retained by the Trading Privilege Holder for at least five years from the time it is prepared. Any such Orders must be entered into the CFE System, in the order they were received, as soon as they can be entered into the CFE System.

(i) Each Clearing Member and each Trading Privilege Holder that is a Futures Commission Merchant or Introducing Broker shall maintain front-end audit trail information for all electronic Orders entered by that party into the CFE System, including all related modifications and cancellations. Each Clearing Member shall also maintain, or cause to be maintained, front-end audit trail information for all electronic Orders entered into the CFE System by any Trading Privilege Holder for which the Clearing Member is identified in the Order submission by EFID as the Clearing Member for the execution of the Order, including all related modifications and cancellations. This audit trail must contain all Order entry, modification, cancellation and response receipt time(s) as well as all Financial Information Exchange interface (“FIX”) tag information and fields or Binary Order Entry (“BOE”) Order message information, as applicable. Notwithstanding any of the provisions of this Rule 403(c), each Trading Privilege Holder is obligated to comply with the provisions of Commission Regulation §1.35 as applicable to that Trading Privilege Holder.

Amended February 17, 2004 (04-04); July 20, 2011 (11-18); October 17, 2012 (12-26); December 15, 2014 (14-17); September 1, 2015 (15-014); June 23, 2016 (16-011); February 25, 2018 (17-017); May 4, 2020 (20-002); June 6, 2021 (21-007); July 8, 2021 (21-015); July 10, 2023 (23-002).

#### **404. Acceptable Orders**

(a) *Single Orders.* Any Trading Privilege Holder may submit the following types of single Orders to the CFE System in a form and manner prescribed and provided by the Exchange. Each of these Order types may be submitted in a Futures product or an Options product unless otherwise specified. A “single Order” refers to an Order that is submitted to the CFE System through a message type that may include one Order in each message. A single Order may not be submitted through a Bulk Message and does not include a Quote.

(i) *Market Order.* A “Market Order” is an Order to buy or sell a stated number of Contracts at the best price(s) available on the Exchange

and to cancel any remaining portion of the Order that is not executed upon receipt of the Order.

(ii) *Limit Order.* A “Limit Order” is an Order to buy or sell a stated number of Contracts at a specified limit price, or at a better price.

(iii) *Spread Order.* A “Spread Order” is an Order to simultaneously purchase, sell or purchase and sell at least two Contracts in a form permitted by the Exchange. A “strip” is a type of Spread Order that is exclusively for the purchase or exclusively for the sale of at least two Contracts in a form permitted by the Exchange. A Spread Order must be a Limit Order and may not be submitted as a Market Order, Stop Limit Order or Fill or Kill Order.

(iv) *Stop Limit Order.* A “Stop Limit Order” is an Order to buy or sell when a Contract trades at a specified trigger price. A Stop Limit Order to buy becomes a Limit Order to buy a stated number of Contracts at a specified limit price, or at a better price, when the relevant Contract trades at or above the trigger price of the Order. A Stop Limit Order to sell becomes a Limit Order to sell a stated number of Contracts at a specified limit price, or at a better price, when the relevant Contract trades at or below the trigger price of the Order. If an Order is traded in a sequence of transactions at multiple price points and one of those price points is the trigger price for a Stop Limit Order, the Stop Limit Order is not triggered until the sequence of transactions with that Order is concluded (including if subsequent transactions occur in that sequence after the transaction with that Order at the trigger price). Block Trades and Exchange of Contract for Related Position transactions do not trigger Stop Limit Orders.

A Stop Limit Order is not entered into the Order book or reflected in the disseminated depth of the Order book until the Stop Limit Order is triggered when the relevant Contract trades at the trigger price as described above. When a Stop Limit Order is triggered, its time priority in the Order Book in relation to Limit Orders is based on the trigger time of the Stop Limit Order and not its entry time. If multiple Stop Limit Orders are triggered at the same time, the time priority as between those Stop Limit Orders is based on the price of the transaction that triggered each Stop Limit Order and its entry time.

A Stop Limit Order may not be submitted in an Options product.

(v) *Cancel Order.* A “Cancel Order” is an Order that cancels, partially or fully, an existing individual buy or sell Order. A Cancel Order shall also be deemed to include a mass cancel, purge request, Portal cancel request or Kill Switch request submitted through the use of CFE System functionality that enables the cancellation of all or a subset of a Trading Privilege Holder’s pending Orders with a single message.

(vi) *Cancel Replace/Modify Order.* A “Cancel Replace/Modify Order” is an Order to cancel a buy or sell Order and replace it with a new Order. A Cancel Replace/Modify Order may only be used to modify certain Order information fields designated by the Exchange. The replacement Order retains the other Order information from the existing Order. In order to modify other Order information fields, a Cancel Order must be used to cancel the existing Order and a separate new Order must be submitted.

(vii) *Time in Force.* An Order entered into the CFE System, other than a Cancel Order, is required to have one of the following time in force conditions:

(A) *Day Order.* A “Day Order” is an Order for any Contract that, unless executed or canceled, remains as an executable Order in the CFE System until the end of the Business Day on which it is entered. The end of the Business Day for this purpose is when Trading Hours for the applicable Contract end on that Business Day.

(B) *Good-’til-Canceled Order.* A “Good-’til-Canceled Order” is an Order that, unless executed, remains in the CFE System until it is canceled or the Contract to which it relates expires, whichever occurs first.

(C) *Good-’til-Date Order.* A “Good-’til-Date Order” is an Order that, unless executed, remains in the CFE System until the earlier to occur of the date and time specified in the Order, the Order is canceled or the Contract to which the Order relates expires.

(D) *Immediate or Cancel Order.* An “Immediate or Cancel Order” is an Order with respect to which any remaining portion of the Order that is not executed upon receipt is canceled. A simple Futures Immediate or Cancel Order may include a specified minimum quantity. If a minimum quantity is included, a Futures simple Immediate or Cancel Order will be canceled in its entirety if the specified minimum quantity is not executed upon receipt of the Order. A Stop Limit Order may not be submitted as an Immediate or Cancel Order.

(E) *Fill or Kill Order.* A “Fill or Kill Order” is an Order which is canceled unless executed in its entirety upon receipt of the Order. A Spread Order and Stop Limit Order may not be submitted as a Fill or Kill Order.

(b) *Bulk Messages and Quotes.* Any Trading Privilege Holder may submit Bulk Messages and Quotes to the CFE System in a form and manner prescribed and provided by the Exchange.

(i) *Bulk Message.* A “Bulk Message” is a message type that may be utilized to submit multiple Quotes to the CFE System in a single message. Bulk Messages are subject to the following parameters:

(A) The Exchange may designate a maximum number of Quotes that may be submitted in a Bulk Message.

(B) Subject to the exceptions in Rule 404(b)(i)(C):

(1) A Bulk Message may be utilized to submit Quotes in multiple Contracts in the same Futures product with the same futures trading symbol root and may not be utilized to submit Quotes for different futures trading symbol roots in the same Futures product.

For example, a single Bulk Message may not be utilized to submit Quotes in non-TAS Cboe Volatility Index futures expirations (which have a VX trading symbol root) and in TAS Cboe Volatility Index futures expirations (which have a VXT trading symbol root) since these Quotes would be for different futures trading symbol roots.

(2) A Bulk Message may be utilized to submit Quotes in multiple Contracts in the same Options product that have the same initial identifier within their options trading symbols and may not be utilized to submit Quotes for Options Contracts in the same Options product with different initial identifiers within their options trading symbols.

(C) The ability to utilize a Bulk Message to submit Quotes in multiple Contracts in the same product with the same futures trading symbol root or the same initial identifier within an options trading symbol root is subject to the following exceptions:

(1) A Bulk Message may be utilized to enter, modify or cancel only one bid and/or one offer in a Contract. A Bulk Message may not be utilized to enter, modify or cancel bids in a Contract at multiple price levels and/or offers in a Contract at multiple price levels. In order to simultaneously maintain bids at multiple price levels and/or offers at multiple price levels in a Contract through the use of Bulk Messages, the Bulk Messages to enter, modify or cancel the bids and/or offers at the multiple price levels must be submitted with a different EFID or through a different quoting match capacity allocation for each price level.

(2) Any Bulk Message submitted during a queuing period may not be utilized to enter, modify or cancel a bid and/or offer in more than one TAS single leg expiration. In order to utilize Bulk Messages to enter, modify or cancel bids and/or offers in more than one TAS single leg expiration during a queuing period, multiple Bulk Messages must be used.

(D) The Exchange may allow for the use of different types of Bulk Messages. For example, the Exchange may allow for Bulk Message types with respect to which:

(1) the information for certain information fields designated by the Exchange is provided as a default at the match capacity allocation level instead of being provided in each Bulk Message;

(2) the Bulk Message does not include certain non-required information fields; and/or

(3) the Bulk Message uses a smaller format for certain information fields.

(ii) *Quote*. A Quote is the entry, modification or cancellation of a bid or offer for a Contract through a Bulk Message. Quotes are subject to the following parameters:

(A) A Quote is treated the same as an Order, and the term “Order” shall encompass a Quote, unless the Rules of the Exchange specify otherwise.

(B) A bid or offer submitted through a Quote is treated the same as a Limit Order. A Quote may not be utilized to submit a Market Order or a Stop Limit Order.

(C) A bid or offer submitted through a Quote is treated the same as a Day Order. A Quote may not have any Time in Force condition other than Day.

(D) A Quote may only be submitted for a single Contract leg. A Quote may not be utilized to submit a Spread Order.

(E) For purposes of time priority in the Order book, each Quote submitted in a Bulk Message receives as its time stamp the time stamp for the time at which the Bulk Message was received by the CFE System matching engine. Accordingly, each Quote submitted in a Bulk Message receives the same time stamp for its

receipt by the matching engine. Each Quote is then processed by the matching engine as a separate Order.

(F) A Quote is unique per quoting match capacity allocation, EFID, and side. A Quote with a bid for a Contract replaces any existing bid for that Contract established by a previous Quote submitted with the same EFID through the same quoting match capacity allocation, and a Quote with an offer for a Contract replaces any existing offer for that Contract established by a previous Quote submitted with the same EFID through the same quoting match capacity allocation. Accordingly, a bid or offer submitted through a Quote may be modified or canceled by submitting a subsequent Quote that replaces the existing bid or offer.

(G) A Quote may be submitted with or without a size modifier. As further described below, a size modifier is an instruction to apply the quantity of a Quote in a different manner than if a Quote does not include a size modifier. Specifically, subject to the provisions of Rule 404(b)(ii)(H) below relating to Quote submissions that will cancel an existing bid or offer established by a previous Quote:

(1) When a Quote is submitted to replace an existing bid or offer established by a previous Quote and the replacement Quote does not include a size modifier, the size of the existing bid or offer is changed to the quantity of the replacement Quote.

(2) When a Quote is submitted to replace an existing bid or offer established by a previous Quote and the replacement Quote includes a size modifier, the size of the existing bid or offer is reduced by the quantity of the replacement Quote. If the resulting bid or offer size would be less than or equal to zero after applying the size modifier, the existing bid or offer is canceled.

(H) The following types of Quote submissions will cancel an existing bid or offer established by a previous Quote.

(1) An existing bid or offer in a non-TAS Contract established by a previous Quote will be canceled by:

(aa) the submission of a replacement Quote with a zero size or zero price and without a size modifier;

(bb) the submission of a replacement Quote with both a zero price and a size modifier; or

(cc) the submission of a replacement Quote with both a non-zero size and a size modifier that would cause the resulting Quote size to be less than or equal to zero.

(2) An existing bid or offer in a TAS Contract established by a previous Quote will be canceled by:

(aa) the submission of a replacement Quote with a zero size and without a size modifier; or

(bb) the submission of a replacement Quote with both a non-zero size and a size modifier that would cause the resulting Quote size to be less than or equal to zero.

(I) Unless otherwise specified, any reference in the Rules of the Exchange to a Cancel Order shall also be deemed to include reference to any of the types of Quote submissions described in Rule 404(b)(ii)(H) above that will cancel an existing bid or offer established by a previous Quote. Any reference in the Rules of the Exchange to a Cancel Replace/Modify Order shall not be deemed to include reference to a Quote.

(J) A mass cancel, purge request, Portal cancel request or Kill Switch request submitted through the use of CFE System functionality that enables the cancellation of all or a subset of a Trading Privilege Holder's pending Orders with a single message may be utilized to cancel existing bids and offers submitted through Quotes.

Amended October 17, 2012 (12-26); January 13, 2014 (13-40), December 15, 2014 (14-17); February 25, 2018 (17-017); May 4, 2020 (20-002); May 4, 2020 (20-008); June 6, 2021 (21-007); April 20, 2022 (22-002); July 10, 2023 (23-002).

#### **404A. Trade at Settlement Transactions**

(a) A Trade at Settlement ("TAS") transaction is a transaction in a Contract at a price or premium equal to the daily settlement price, or a specified differential above or below the daily settlement price, for the Contract on a Business Day. The actual TAS transaction price or premium is determined subsequent to the transaction based upon the daily settlement price of the Contract.

(b) The rules governing a Contract shall specify if TAS transactions are permitted in that Contract. If TAS transactions are permitted in a Contract, the rules



governing the Contract shall set forth the extent to which TAS transactions in that Contract may occur on the CFE System, as spread transactions, as Block Trades and/or as Exchange of Contract for Related Position transactions; the trading hours for TAS transactions in that Contract; the permissible price range from the daily settlement price for each of the permitted types of TAS transactions in that Contract; and the permissible minimum increment for each of the permitted types of TAS transactions in that Contract. The CFE System treats each TAS single leg expiration and TAS spread like a unique Contract from a system perspective and assigns each a unique Contract identifier.

(c) During the time period between Exchange Business Days for a product, the entry into the CFE System of a TAS Order in that product prior to the time at which the CFE System disseminates the first Pre-Opening Notice under Rule 405A(a) for TAS Orders in that product is prohibited. The CFE System disseminates a Pre-Opening Notice for each TAS Contract, and the first Pre-Opening Notice for a TAS Contract in a product is the Pre-Opening Notice that establishes the time at which TAS Orders may be submitted for all TAS Contracts in that product. TAS Contracts in a product include TAS single leg Contract expirations and TAS spreads in that product.

(d) TAS Orders in a Contract will interact only with other TAS Orders in the Contract and will not interact with non-TAS Orders in the Contract. The same execution priorities that are applicable to non-TAS Orders in a Contract shall also apply with respect to TAS Orders in the Contract, unless otherwise specified in the rules governing the Contract.

(e) 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.

(f) If TAS spread transactions are permitted in a Contract, the provisions of Rule 406A shall be applicable to those transactions, except that any TAS spread is required to be a two-legged spread in which the leg with the earlier expiration is a sell leg and the leg with a later expiration is a buy leg and the ratio of the number of contracts in each leg is 1:1.

(g) A Threshold Width is always deemed to exist and deemed not exceeded for TAS transactions because TAS transactions may only occur within a permissible price range.

Adopted November 4, 2011 (11-23). Amended October 17, 2012 (12-26); December 15, 2014 (14-17); May 24, 2015 (15-12); August 6, 2015 (15-021); June 3, 2016 (16-009); June 13, 2016 (16-010); February 25, 2018 (17-017); August 12, 2018 (18-011).

#### **405. Modification and Cancellation of Orders**

Any Order that has been entered into the CFE System may be modified or canceled, unless and until the Order has been fully executed, by any means allowed by the CFE System (such as by means of a Cancel Replace/Modify Order, Cancel Order,

Exchange risk controls, or Exchange Match Trade Prevention functionality, to the extent allowed by the CFE System).

Amended February 25, 2018 (17-017).

#### **405A. Opening Process**

(a) *Queuing Period.*

(i) The Exchange shall designate a period of time that precedes the opening of trading in a Contract during which the CFE System is in a queuing state. During the queuing state, the CFE System accepts Orders, Cancel Orders and Cancel Replace/Modify Orders in that Contract, subject to the limitations set forth in paragraph (h) below.

(ii) If TAS transactions are permitted in a Futures product, a queuing state for TAS single leg Futures Contract expirations and TAS Futures spreads in that product at the beginning of a Business Day or that otherwise follows immediately after the CFE System is in a suspended state for that Futures product commences at the time designated by the Exchange as the start time of that queuing period plus a randomized time period from zero to three seconds. Regardless of whether or not TAS transactions are permitted in a Futures product, a queuing state for non-TAS single leg Futures Contract expirations and non-TAS Futures spreads in that Futures product at the beginning of a Business Day or that otherwise follows immediately after the CFE System is in a suspended state for that Futures product commences at the time designated by the Exchange as the start time of that queuing period plus a randomized time period from three to six seconds.

(iii) If a Related Options Product exists for a Futures product, a queuing state for single leg Options series and Options spreads in that Related Options Product at the beginning of a Business Day or that otherwise follows immediately after the CFE System is in a suspended state for that Related Options Product commences immediately following the commencement of the queuing states for the non-TAS single leg Futures Contract expirations and non-TAS Futures spreads in the Futures product, as further described in paragraph (a)(iv) below.

(iv) At the commencement of a queuing state for non-TAS single leg Futures Contract expirations and non-TAS Futures spreads in a product and at the commencement of a queuing state for any TAS single leg Futures Contract expirations and TAS Futures spreads in a product, the following sequence of events occurs with respect to the applicable group of instruments:

(A) The CFE System moves each single leg Futures Contract expiration for a product into a queuing state in sequence by nearest to farthest expiration. Each of these single leg Futures

Contract expirations moves into a queuing state in the foregoing sequence one after the next and not at fixed time intervals. This sequence is referred to as the “Futures Single Leg Processing Sequence”.

(B) The CFE System next moves each Futures spread into a queuing state based on the following criteria in order of priority, assuming spread legs are arranged in nearest to furthest expiration left-to-right:

- (1) lowest number of legs (e.g., 1:1 before 1:1:1);
- (2) lowest total ratio sum (e.g., 1:1:1 before 1:2:1);
- (3) lowest left-to-right cumulative ratio sum, stopping at the first ratio component from left-to-right when the cumulative sums differ between spreads (e.g., 1:2 before 2:1);
- (4) alphabetical order, assigning each buy leg “B” and each sell leg “S” (e.g., BBBB before BSBS before BSSB); and
- (5) earliest left-to-right leg expiration, stopping at the first leg component from left-to-right when the expirations differ between legs (e.g., DEC-MAR-JUN before DEC-MAR-SEP).

Each of these Futures spreads moves into a queuing state in the foregoing sequence one after the next and not at fixed time intervals. This sequence is referred to as the “Futures Spread Processing Sequence”.

(C) If a Related Options Product exists for the Futures product, the CFE System next moves each single leg Options series for the Related Options Product into a queuing state based on the following criteria in order of priority:

- (1) earliest expiration of underlying Future (e.g., an Option with an underlying Future that has a January expiration before an Option with an underlying Future that has a February expiration);
- (2) earliest Options expiration (e.g., a January expiration before a February expiration);
- (3) most in-the-money, where calls with lower strike prices are more in-the-money than calls with higher

strike prices and puts with higher strike prices are more in-the-money than puts with lower strike prices (e.g., a call with a 20 strike price before a call with a 25 strike price with the underlying Future trading at 30, a put with a 40 strike price before a put with a 35 strike price with the underlying Future trading at 30, and a call with a 20 strike price before a put with a 35 strike price with the underlying Future trading at 30); and

(4) a call before a put (e.g., if the above attributes result in the same order of priority between a call and a put, the call goes before the put).

Each of these single leg Options series moves into a queuing state in the foregoing sequence one after the next and not at fixed time intervals. This sequence is referred to as the “Options Single Leg Processing Sequence”.

(D) If a Related Options Product exists for the Futures product, the CFE System next moves each Options spread for the Related Options Product into a queuing state based on the following criteria in order of priority:

(1) lowest number of legs (e.g., 1:1 before 1:1:1);

(2) highest sum of strike prices (e.g., strike price total of 50 before strike price total of 40);

(aa) for the same sum of strike prices, higher strike price before lower strike price, stopping at the first strike price from left-to-right when the strike prices differ between spreads (e.g., 25-10 before 20-15);

(bb) for the same sum of strike prices and the same strike prices left to right, calls before puts, assigning each call “C” and each put “P” (e.g., CP before PC)

(3) lowest total ratio sum (e.g., 1:1:1 before 1:2:1);

(4) lowest left-to-right cumulative ratio sum, stopping at the first ratio component from left-to-right when the cumulative sums differ between spreads (e.g., 1:2 before 2:1);

(5) alphabetical order for buy and sell legs, assigning each buy leg “B” and each sell leg “S” (e.g., BBBB before BSBS before BSSB);

(6) earliest left-to-right leg expiration, stopping at the first leg component from left-to-right when the expirations differ between legs (e.g., DEC-MAR-JUN before DEC-MAR-SEP); and

(7) numerical and alphabetical order by Contract identifier (e.g., 0005df before 0005uo and 0005zR before 00063s).

Each of these Options spreads moves into a queuing state in the foregoing sequence one after the next and not at fixed time intervals. This sequence is referred to as the “Options Spread Processing Sequence”.

(E) Once all single leg Futures Contract expirations, Futures spreads, single leg Options series (if applicable) and Options spreads (if applicable) have moved into a queuing state:

(1) the CFE System disseminates, in the Futures Single Leg Processing Sequence, a notice of the commencement of the queuing state (“Pre-Opening Notice”) for each single leg Futures Contract expiration;

(2) the CFE System next disseminates, in the Futures Spread Processing Sequence, a Pre-Opening Notice for each Futures spread;

(3) the CFE System next disseminates, in the Options Single Leg Processing Sequence, a Pre-Opening Notice for each single leg Options series (if applicable); and

(4) the CFE System next disseminates, in the Options Spread Processing Sequence, a Pre-Opening Notice for each Options spread (if applicable).

(v) Orders accepted by the CFE System during a queuing state are not executable during a queuing state.

(vi) A queuing period is utilized when a Contract moves from a suspended state to an open state for trading. At the determination of the senior person in charge of the Trade Desk, a queuing period may or may not be utilized when a Contract moves from a halt state to an open state for trading.

(vii) During the time period between Exchange Business Days for a product, the entry into the CFE System of a non-TAS Order in that product prior to the time at which the CFE System disseminates the first Pre-Opening Notice under Rule 405A(a)(iv)(E) for non-TAS Orders in that product is prohibited. The CFE System disseminates a Pre-Opening Notice for each non-TAS Contract and the first Pre-Opening Notice for a non-TAS Contract in a product is the Pre-Opening Notice that establishes the time at which non-TAS Orders may be submitted for all non-TAS Contracts in that product. Non-TAS Contracts in a product include non-TAS single leg Contract expirations and non-TAS spreads in that product. The provisions of this Rule 405A(a)(vii) do not apply to Cancel Orders for non-TAS Contracts submitted while the CFE System is in a suspended state between Exchange Business Days after the restart of the CFE System during the suspended state. The reference to Cancel Orders in the preceding sentence does not include reference to any types of Quote submissions.

(viii) As is set forth in Rule 404A(c): During the time period between Exchange Business Days for a product, the entry into the CFE System of a TAS Order in that product prior to the time at which the CFE System disseminates the first Pre-Opening Notice under Rule 405A(a)(iv)(E) for TAS Orders in that product is prohibited. The CFE System disseminates a Pre-Opening Notice for each TAS Contract, and the first Pre-Opening Notice for a TAS Contract in a product is the Pre-Opening Notice that establishes the time at which TAS Orders may be submitted for all TAS Contracts in that product. TAS Contracts in a product include TAS single leg Contract expirations and TAS spreads in that product.

(b) *Processing Order.* Unless unusual circumstances exist, the CFE System initiates the following opening process for each Exchange Futures product and any Related Options Product for that Futures product at the opening time for the Futures product. The opening process occurs in the following order:

(i) the CFE System matches simple Futures Orders, without regard for Match Trade Prevention, and determines an opening trade price for each single leg Futures Contract expiration for the Futures product pursuant to paragraph (c) below;

(ii) the CFE System next matches Futures Spread Orders with other Futures Spread Orders, without regard for matching between Futures Spread Orders and simple Futures Orders and for Match Trade Prevention, and determines an opening trade price for each Futures spread in the Futures product pursuant to paragraph (d) below;

(iii) if a Related Options Product exists for the Futures product, the CFE System next matches simple Options Orders in the Related Options Product, without regard for Match Trade Prevention, and determines an opening trade price for each single leg Options series for the Related Options Product pursuant to paragraph (c) below;

(iv) if a Related Options Product exists for the Futures product, the CFE System next matches Options Spread Orders in the Related Options Product with other Options Spread Orders in the Related Options Product, without regard for matching between Options Spread Orders and simple Options Orders and for Match Trade Prevention, and determines an opening trade price for each Options spread in the Related Options Product pursuant to paragraph (d) below;

(v) the CFE System disseminates for each single leg Futures Contract expiration, Futures spread, single leg Options series and Options spread an Open Trading Notice and all opening prints, if any (“Opening Disseminations”), following the determination of an opening trade price for the applicable Contract pursuant to paragraph (e) below;

(vi) following the Opening Disseminations for a single leg Futures Contract expiration, Futures spread, single leg Options series or Options spread, the CFE System releases remaining Orders in the applicable single leg or spread Contract with executable quantity not executed as part of an opening trade, with potential matching between those Orders and other released Orders and with Match Trade Prevention in effect, pursuant to paragraph (f) below; and

(vii) the CFE System next processes triggered Futures Stop Limit Orders pursuant to paragraph (g) below.

Any incoming Orders received by the CFE System during this opening process do not participate in the opening process and are processed after all of the above steps of the opening process have been completed.

(c) *Single Leg Contract Processing.* The opening process conducts the matching of simple Futures Orders for a Futures Product and the matching of simple Options Orders for a Related Options Product that are in the Order book at the commencement of the opening process and determines the opening trade prices for single leg Futures Contract expirations and single leg Options series in the following manner:

(i) If there are no bids and offers that are at the same price as each other or that are crossed with one another, there will be no opening trade.

(ii) If there is a bid and an offer or bids and offers that are at the same price as each other or that are crossed with one another, there will be one or more opening trades at a single opening trade price executed in the following manner:

(A) Orders with bids and offers that are at the same price as each other or that are crossed with one another will be matched at a single opening trade price in accordance with price-time priority, without regard for Match Trade Prevention. Price-time

priority is used for this purpose regardless of whether a different allocation method otherwise applies to the applicable Contract, and pro rata priority or a trade participation right priority does not apply for this purpose.

(B) The opening trade price for these matched trades will be determined in the following manner:

(1) The opening trade price will be the price that maximizes the number of matched contracts.

(2) If multiple prices exist that maximize the number of matched contracts, the price among those prices which has the lowest absolute imbalance between total bid size and total offer size will be the opening trade price.

(3) If multiple prices exist that maximize the number of matched contracts and have the same absolute imbalance between total bid size and total offer size, the midpoint of the minimum and maximum of these multiple prices will be the opening trade price. If the midpoint is not at a minimum increment for the applicable Contract, the midpoint will be rounded up to the nearest minimum increment for that Contract.

(iii) The opening bid and offer prices for a Contract are the highest remaining bid and lowest remaining offer following the completion of the matching of the bids and offers that are at the same price as each other or that are crossed with one another, if any.

(iv) Following the determination of the opening trade price and opening trade(s), if any, for a Contract, the Contract moves into an open state for trading.

(v) For a Futures product, the CFE System determines the opening trade price and opening trade(s), if any, for each single leg Futures Contract expiration for the Futures product and moves each of these Futures Contracts into an open state for trading in the Futures Single Leg Processing Sequence. For a Related Options Product, the CFE System determines the opening trade price and opening trade(s), if any, for each single leg Options series for the Related Options Product and moves each of these Options series into an open state for trading in the Options Single Leg Processing Sequence.

(vi) If the width between the opening bid and opening offer prices for a single leg Futures Contract expiration exceeds the applicable Threshold Width for the relevant Futures Contract, each spread containing that Futures Contract will remain in a queuing state and not be opened



during the initial opening process, as further described in Rule 405A(i) below.

(d) *Spread Processing.* The opening process conducts the matching of Futures Spread Orders for a Futures Product and the matching of Options Spread Orders for a Related Options Product that were in the Order book at the commencement of the opening process and determines the opening trade prices for Futures spreads and Options spreads in the following manner. A Futures spread will remain in a queuing state and the CFE System will not utilize the opening process set forth in this Rule 405A to open the Futures spread if the width between the opening bid and opening offer prices for any individual leg of the Futures spread exceeds the applicable Threshold Width for that individual leg. For all other Futures spreads for a product, the opening process determines an opening trade price for each of these Futures spreads in the following manner:

(i) For purposes of this process and otherwise, the terms “Implied Spread Bid”, “Implied Spread Offer” and “Volume-Based Tie Breaker” (“VBTB”) have the following definitions:

(A) Implied Spread Bid.

(1) The Implied Spread Bid for a spread is calculated by determining an implied net bid price for the spread using as inputs to the calculation the highest bid price for each individual leg of the spread to be bought and the lowest offer price for each individual leg of the spread to be sold and multiplying each of those prices by the respective ratio of the individual leg to the other legs of the spread.

(2) In the event that there is no bid price for an individual leg of the spread to be bought, the Minimum Price for the product is used as the input to the Implied Spread Bid calculation in lieu of the highest bid price for that leg.

(3) In the event that there is no offer price for an individual leg of a Futures spread to be sold, the Maximum Price for the product is used as the input to the Implied Spread Bid calculation in lieu of the lowest offer price for that leg. In the event that there is no offer price for an individual leg of an Options spread to be sold, the price level that is one minimum increment above the current bid for the individual leg of the Options spread is used as the input to the Implied Spread Bid calculation in lieu of the lowest offer price for that leg.

(4) As a result, an Implied Spread Bid will always be deemed to exist.

(5) In the event that a Lower Price Limit is in effect for a Futures product, and the input to the Implied Spread Bid calculation for the highest bid price for an individual leg of a Futures spread to be bought is less than the Lower Price Limit, the Lower Price Limit for the Futures product is used instead as that input.

(6) In the event that an Upper Price Limit is in effect for a Futures product, and the input to the Implied Spread Bid calculation for the lowest offer price for an individual leg of a Futures spread to be sold is more than the Upper Price Limit, the Upper Price Limit for the Futures product is used instead as that input.

(B) Implied Spread Offer.

(1) The Implied Spread Offer for a spread is calculated by determining an implied net offer price for the spread using as inputs to the calculation the lowest offer price for each individual leg of the spread to be bought and the highest bid price for each individual leg of the spread to be sold and multiplying each of those prices by the respective ratio of the individual leg to the other legs of the spread.

(2) In the event that there is no offer price for an individual leg of a Futures spread to be bought, the Maximum Price for the product is used as the input to the Implied Spread Offer calculation in lieu of the lowest offer price for that leg. In the event that there is no offer price for an individual leg of an Options spread to be bought, the price level that is one minimum increment above the current bid for the individual leg of the Options spread is used as the input to the Implied Spread Bid calculation in lieu of the lowest offer price for that leg.

(3) In the event that there is no bid price for an individual leg of the spread to be sold, the Minimum Price for the product is used as the input to the Implied Spread Offer calculation in lieu of the highest bid price for that leg.

(4) As a result, an Implied Spread Offer will always be deemed to exist.

(5) In the event that an Upper Price Limit is in effect for a Futures product, and the input to the Implied Spread Offer calculation for the lowest offer price for an individual leg of a Futures spread to be bought is more than

the Upper Price Limit, the Upper Price Limit for the Futures product is used instead as that input.

(6) In the event that a Lower Price Limit is in effect for a Futures product, and the input to the Implied Spread Offer calculation for the highest bid price for an individual leg of a Futures spread to be sold is less than the Lower Price Limit, the Lower Price Limit for the Futures product is used instead as that input.

(C) VBTB. The VBTB for a spread is the midpoint between the Implied Spread Bid and the Implied Spread Offer rounded up to the nearest minimum increment.

(ii) If there are no bids and offers that are at the same price as each other or that are crossed with one another, there will be no opening trade.

(iii) If there is a bid and an offer or bids and offers that are at the same price as each other or that are crossed with one another, there will be one or more opening trades at a single opening trade price executed in the following manner:

(A) Orders with bids and offers that are at the same price as each other or that are crossed with one another will be matched at a single opening trade price in accordance with price-time priority, without regard for matching between Spread Orders and simple Orders and for Match Trade Prevention. Price-time priority is used for this purpose regardless of whether a different allocation method otherwise applies to the applicable spread, and pro rata priority or a trade participation right priority does not apply for this purpose.

(B) The opening trade price for these matched trades will be determined in the following manner:

(1) The opening trade price will be the price that maximizes the number of matched contracts.

(2) If multiple prices exist that maximize the number of matched contracts, the price among those prices which has the lowest absolute imbalance between total bid size and total offer size will be the opening trade price.

(3) If multiple prices exist that maximize the number of matched contracts and minimize the absolute imbalance between total bid size and total offer size, and the VBTB is within the range of prices that maximizes the number of matched contracts and minimizes the absolute

imbalance between total bid size and total offer size, the opening trade price will be the VBTB.

(4) If multiple prices exist that maximize the number of matched contracts and minimize the absolute imbalance between total bid size and total offer size, and the VBTB is outside the range of prices that maximizes the number of matched contracts and minimizes the absolute imbalance between total bid size and total offer size, the opening trade price will be the price among those prices that is closest to the VBTB.

(5) If the opening trade price would be below the Implied Spread Bid or above the Implied Spread Offer, there will be no opening trade and the spread will remain in a queuing state until the spread is opened in accordance with Rule 405A(i) below.

(iv) The opening bid and offer prices for a spread are the highest remaining bid and lowest remaining offer following the completion of the matching of the bids and offers that are at the same price as each other or that are crossed with one another, if any.

(v) Following the determination of the opening trade price and opening trade(s), if any, for a spread, the spread moves into an open state for trading.

(vi) For a Futures product, the CFE System determines the opening trade price and opening trade(s), if any, for Futures spreads for the Futures product and moves each of these Futures spreads into an open state for trading in the Futures Spread Processing Sequence. For a Related Options Product, the CFE System determines the opening trade price and opening trade(s), if any, for Options spreads for the Related Options Product and moves each of these Options spreads into an open state for trading in the Options Spread Processing Sequence.

(vii) No Futures Spread Orders for a Futures spread will be matched or traded unless and until the width of the prevailing market for each individual leg of the Futures spread does not exceed the applicable Threshold Width for the relevant Futures Contract. A Futures spread will remain in a queuing state, or return to a queuing state after it is opened, during any time period in which the width of the prevailing market for any individual leg of the Futures spread exceeds the applicable Threshold Width for the relevant Futures Contract. The CFE System will utilize the opening process set forth in this Rule 405A, as applicable, to open or reopen the Futures spread at such time that there is no longer any individual leg of the Futures spread for which the Threshold Width is exceeded. Executions resulting from the opening or reopening of a Futures spread in this manner are not disseminated as opening trades.

(e) *Opening Disseminations.* When a single leg Futures Contract expiration, Futures spread, single leg Options series or Options spread moves into an open state for trading:

(i) For a single leg Futures Contract expiration or a single leg Options series, the CFE System disseminates:

(A) a notice of commencement of open trading in the Contract (“Open Trading Notice”); and

(B) last sale reports for each of the individual opening trades.

(ii) For a Futures spread or an Options spread, the CFE System disseminates:

(A) an Open Trading Notice; and

(B) for each of the spread opening trades,

(1) last sale reports for each of the individual leg trades that comprise the spread trade, with an indication that the last sale is part of a spread trade, and

(2) the spread trade.

(iii) The disseminations pursuant to this paragraph (e) are referred to as the “Opening Disseminations”.

(f) *Release of Remaining Orders.* Following the Opening Disseminations for a single leg Futures Contract expiration, Futures spread, single leg Options series or Options spread, the opening process addresses the remaining Orders for the applicable single leg or spread Contract. These remaining single leg Orders or Spread Orders, as applicable, include any remaining Orders with executable quantity that were in the Order book at the commencement of the opening process which were not executed as part of an opening trade. These Orders are addressed in the following manner:

(i) The release of these Orders is done based on time priority.

(ii) When released, these Orders are eligible to be matched with other released Orders pursuant to regular Order matching that applies during an open state for trading, with Match Trade Prevention in effect. The allocation method for this matching is the same as the allocation method that otherwise applies in the applicable Contract.

(iii) Any resulting trades between these Orders are not disseminated as opening trades.

(g) *Stop Limit Orders.* Following the matching of Futures Spread Orders with simple Futures Orders, the CFE System processes any Futures Stop Limit Orders that are triggered by trades during the opening process from the processing of single leg Futures trades, single leg prints as part of Futures spread trades and single leg Futures trades with Futures spreads. Triggered Futures Stop Limit Orders are either executed if the applicable Futures Stop Limit Order is marketable against the resulting market, with Match Trade Prevention in effect, or booked. Futures Stop Limit Order executions may be at a price different from the opening trade price and are not marked as opening trades. The allocation method for the processing of these Futures Stop Limit Orders is the same as the allocation method that otherwise applies to the applicable Futures Contract.

(h) *Order Submission Limitations Around Opening.* The CFE System will not accept Market Orders, Immediate or Cancel Orders or Fill or Kill Orders in a Contract until the Contract is in an open state for trading following the completion of the opening process. These Order types will only be accepted by the CFE System in a Contract when that Contract is in an open state for trading. Additionally, the rules governing a Contract may further restrict the time period during which the Exchange will accept Market Orders in that Contract.

(i) *Opening of Certain Spreads Not Opened During Opening Process.* After completion of the opening process, one or more spreads may remain in a queuing state because the opening price of the spread generated by the opening process would be below the Implied Spread Bid or above the Implied Spread Offer. For these spreads, the following process is used to transition the spreads to an open state for trading:

(i) The CFE System conducts attempts to open the spread for a designated time period determined by the Exchange utilizing the opening process set forth in this Rule 405A, as applicable. During the intervals within that time period before and after subsequent attempted openings, Spread Orders for the spread are accepted for queuing and for participation in any subsequent attempted opening.

(ii) If the CFE System is not able to open the spread during these subsequent attempted openings, the CFE System moves the spread to an open state for trading and releases the Spread Orders for the spread for potential execution based on time priority.

(j) *Delayed Openings and Re-openings.* The opening process set forth in this Rule 405A is also utilized whenever:

(i) there is a delayed opening of a Contract;

(ii) the Exchange reopens trading in a Contract within the same Business Day; or

- (iii) following the end of a queuing period triggered for Options series and Options spreads in a Related Option Product because the underlying Future was at a price limit.

Executions resulting from the operation of the opening process in these instances are not disseminated as opening trades, except in the case of a delayed opening of a Contract.

(k) *Opening Conditions.* If a condition is present within the CFE System that prevents a Contract from moving into an open state for trading or prevents the opening process set forth in this Rule 405A from being utilized, the senior person in charge of the Trade Desk may authorize moving the Contract into an open state for trading in the interest of a fair and orderly market or in the event of unusual market conditions.

(l) *Dissemination of Messages.* The Exchange disseminates the Pre-Opening Notices and Open Trading Notices pursuant to this Rule 405A as part of the Exchange Market Data that is disseminated by the Exchange.

Adopted May 24, 2015 (15-12). Amended June 30, 2015 (15-17); February 25, 2018 (17-017); August 12, 2018 (18-011); May 4, 2020 (20-008); December 6, 2021 (21-028); July 10, 2023 (23-002).

#### **406. Execution of Orders by CFE System**

(a) *Base Allocation Methods.* An Order that is executable upon receipt by the CFE System will execute at the best price then available in the Order book in accordance with the applicable allocation method under this Rule, except that Rule 405A governs the allocation method during the opening process. At the discretion of the Exchange, any of the following base allocation methods shall apply to the execution of Orders for any Contract by the CFE System:

(i) *Price-Time Priority.* Under this method, Orders for any Contract are prioritized according to price and time. If at any time there are two or more such Orders at the best price then available, such Orders are executed in the order in which they were entered into the Order book.

(ii) *Pro Rata Priority.* Under this method, Orders for any Contract are prioritized according to price. If at any time there are two or more Orders at the best price then available, the executable quantity of Contracts is allocated to those Orders on a pro rata basis in a proportional manner based on the relative sizes of those Orders. If the application of pro rata priority would result in the allocation to any Orders of a number of contracts that is not a whole number, any fractional amounts are cumulated into a residual amount and that residual amount is allocated to those Orders in the following manner. The residual amount is allocated one contract at a time in size-time priority until the residual amount is exhausted first to those Orders for which the fractional allocation would have been 0.5 or greater and then to those Orders for which the fractional allocation would have been less than 0.5.

(b) *Trade Participation Right Priority Overlay.* In addition to the base allocation methods set forth in paragraph (a) above, the Exchange may determine that a trade participation right priority overlay shall apply to the execution of Orders for any Contract by the CFE System. Lead Market Makers (“LMMs”) or a DPM may be granted a trade participation right in accordance with any program adopted pursuant to Rule 514 or Rule 515, which right may provide for priority of Orders placed by LMMs or a DPM over other Orders, up to the applicable participation right percentage. In granting a trade participation right to LMMs or a DPM, the following principles shall be followed:

(i) LMMs or a DPM shall be afforded trade participation priority over Orders placed by others when an Order in a Contract from one or more LMMs or the DPM is at the best bid/offer in that Contract at the time of the execution of the relevant transaction. An LMM’s or DPM’s Order must be at the best bid/offer at the time of the execution of the relevant transaction for the LMM or DPM to receive a trade participation right.

(ii) If an Order is executed at multiple price levels in a successive series of executions, the trade participation right will only apply to the execution of that Order at the initial price level at the best bid/offer at the time of the execution of that Order at the initial price level. The trade participation right will not apply to the execution of that Order at subsequent price levels in the successive series of executions of that Order.

(iii) An LMM or DPM may not be allocated a total quantity through a trade participation right that is greater than the Order quantity of the LMM or DPM at the best bid/offer.

(iv) An LMM or DPM will receive any allocation resulting from a trade participation right and any further allocation resulting from the application of the base allocation method to the LMM’s or DPM’s remaining Order quantity at the best bid/offer after the application of the trade participation right.

(v) If the application of a trade participation right would result in allocation to one or more LMMs or a DPM of a number of contracts that is not a whole number, that number will be rounded up to the next whole number if the fractional portion of that number is 0.5 or greater and will be rounded down to the previous whole number if the fractional portion of that number is less than 0.5.

(vi) If there is more than one LMM with an Order at the best bid/offer, the trade participation right will be allocated among those LMMs by either price-time priority or pro rata priority, as designated by the Exchange in the applicable LMM program adopted pursuant to Rule 514.



(vii) The following provisions shall apply if a trade participation right is allocated by price-time priority among multiple LMMs with Orders at the best bid/offer:

(A) The trade participation right percentage is applied to the quantity of the Order to be executed to determine the quantity of the collective LMM participation entitlement.

(B) The quantity of the collective LMM participation entitlement is allocated to the LMMs with Orders at the best bid/offer in accordance with price-time priority.

(viii) The following provisions shall apply if a trade participation right is allocated by pro rata priority among multiple LMMs with Orders at the best bid/offer:

(A) The trade participation right percentage is applied to the quantity of the Order to be executed to determine the quantity of the collective LMM participation entitlement.

(B) The quantity of the collective LMM participation entitlement is allocated to the LMMs with Orders at the best bid/offer in accordance with pro rata priority.

(c) *Market Orders.* The CFE System shall, in a form and manner prescribed by the Exchange, reject or cancel back to the sender any Market Order that does not satisfy any of the following conditions:

(i) A Market Order for a Contract must be received by the CFE System when that Contract is in an open state for trading.

(ii) A Market Order for a Contract must be received by the CFE System during regular trading hours for that Contract.

(d) *Cancel Replace/Modify Orders and Quotes.*

(i) If a Cancel Replace/Modify Order is submitted to the CFE System relating to an existing Limit Order, the replacement Limit Order is placed in priority position behind all Orders in the Order book at the same price with respect to time priority, except in the following two circumstances:

(A) the Cancel Replace/Modify Order

(1) decreases the quantity of the existing Limit Order, and

(2) does not change any of the other information fields of the existing Limit Order; or

(B) the Cancel Replace/Modify Order

(1) decreases the quantity of the existing Limit Order,

(2) changes the Order Entry Operator ID and/or the manual Order indicator of the existing Limit Order, and

(3) does not change any of the other information fields of the existing Limit Order.

If a Cancel Replace/Modify Order satisfies all of the conditions enumerated above applicable to either of these two circumstances, the replacement Limit Order retains the priority position of the existing Limit Order with the decreased quantity.

(ii) If a Cancel Replace/Modify Order is submitted to the CFE System relating to an existing Stop Limit Order, the replacement Stop Limit Order is placed in priority position behind other pending Stop Limit Orders with respect to time priority, except in the following two circumstances:

(A) the Cancel Replace/Modify Order

(1) decreases the quantity and/or changes the trigger price of the existing Stop Limit Order, and

(2) does not change any of the other information fields of the existing Stop Limit Order; or

(B) the Cancel Replace/Modify Order

(1) decreases the quantity and/or changes the trigger price of the existing Stop Limit Order,

(2) changes the Order Entry Operator ID and/or the manual Order indicator of the existing Stop Limit Order, and

(3) does not change any of the other information fields of the existing Stop Limit Order.

If a Cancel Replace/Modify Order satisfies all of the conditions enumerated above applicable to either of these two circumstances, the replacement Stop Limit Order retains the priority position of the existing Stop Limit Order in relation to other Stop Limit Orders with the decreased quantity and/or revised trigger price.

(iii) If a Cancel Replace/Modify Order is submitted to cancel and replace an existing Order that has been partially executed, the CFE System decreases the current size of that Order by the difference between the previously designated Order size and the replacement Order size designated by the Cancel Replace/Modify Order. For this purpose, the previously designated Order size refers to the Order size designated by the original Order submission if the Order size has not been previously modified by a Cancel Replace/Modify Order and refers to the most recently designated replacement Order size if the Order size has been previously modified by a Cancel Replace/Modify Order. If the decreased size of the existing Order would be zero or less than zero, the existing Order is canceled by the CFE System and the replacement Order is rejected or canceled back to the sender by the CFE System.

(iv) If a Quote is submitted to the CFE System through a Bulk Message, the bid or offer established by the Quote is placed in priority position behind all Orders in the Order book at the same price with respect to time priority, except in the following two circumstances:

(A) the Bulk Message and/or Quote

(1) decreases the quantity of an existing bid or offer established by a prior Quote, and

(2) does not change any of the other information fields relating to the existing bid or offer established by the prior Quote; or

(B) the Bulk Message and/or Quote

(1) decreases the quantity of an existing bid or offer established by a prior Quote,

(2) changes the Order Entry Operator ID and/or the manual Order indicator relating to the existing bid or offer established by the prior Quote, and

(3) does not change any of the other information fields relating to the existing bid or offer established by the prior Quote.

If all of the conditions enumerated above relating to either of these two circumstances are satisfied, the bid or offer established by the subsequent Quote retains the priority position of the existing bid or offer established by the prior Quote with the decreased quantity.

(e) *Simple Orders.* A simple Order may trade with one or more other simple Orders upon its receipt (or in the case of a Stop Limit Order upon being triggered).

Any portion of a simple Order that is not executed with one or more other simple Orders upon its receipt (or in the case of a Stop Limit Order upon being triggered) and that rests in the Order book is then eligible to trade with either simple Orders or Spread Orders. A simple Market Order, simple Immediate or Cancel Order and simple Fill or Kill Order may only execute against other simple Orders and will not execute against any Spread Orders. Rule 406A(b) sets forth additional provisions relating to Spread Order execution.

(f) *Minimum Prices and Maximum Prices.* Each product will have a Minimum Price and Maximum Price designated by the Exchange, and the Exchange shall disseminate those values to Trading Privilege Holders in a form and manner determined by the Exchange. The Minimum Price and Maximum Price are CFE System limitations on the limit price of a Limit Order. The Minimum Price is the minimum limit price of an Order in the applicable product. The Maximum Price is the maximum limit price of an Order in the applicable product. CFE System will reject or cancel back to the sender any simple Order with a limit price that is below the Minimum Price or that is above the Maximum Price. The CFE System will reject or cancel back to the sender any Spread Order with a limit price that is below the Implied Spread Bid or above the Implied Spread Offer calculated utilizing as inputs to the calculation the Minimum Prices and Maximum Prices of the individual legs of the spread (like would be done in the calculation if there were no bid price or offer price for each individual leg, as applicable).

(g) *Bunched Orders.* Subject to compliance with Rule 605 and the sales practice rules referred to therein, each Trading Privilege Holder may enter, or permit its Related Parties to enter (as applicable), a bunched Order for more than one discretionary Customer account or Pool account into the CFE System by using a designation specific to the allocation group and account controller rather than including each of the individual account numbers in such Order, provided such Trading Privilege Holder has filed or is filing an allocation scheme for such Order in accordance with applicable Commission requirements.

(h) *Trade Acknowledgments.* An acknowledgment of each executed Order will be forwarded to the parties on each side of the trade resulting from the Order.

Amended November 4, 2004 (04-20); March 2, 2009 (09-04); June 1, 2009 (09-12); November 1, 2013 (13-38); December 15, 2014 (14-17); June 30, 2015 (15-17); February 25, 2018 (17-017); April 25, 2018 (18-005); May 4, 2020 (20-002); April 20, 2022 (22-002); July 10, 2023 (23-002); July 10, 2023 (23-007); October 1, 2023 (23-016).

#### **406A. Trading of Spread Orders**

(a) *Spread Order Processing.*

(i) Futures spreads are created in the following manner and are subject to the following parameters:

(A) The Trade Desk determines which Futures spreads to create and make available to be traded in the CFE System in its sole discretion. Trading Privilege Holders do not have the capability to

create Futures spreads within the CFE System. If a Trading Privilege Holder would like a Futures spread with a permissible ratio and permissible Futures spread type to be created that is not already available to be traded in the CFE System, the Trading Privilege Holder should contact the Trade Desk in a form and manner prescribed by the Exchange to request creation of the Futures spread. The Trade Desk may determine whether or not to make that Futures spread available for trading in its sole discretion.

(B) Futures spreads, other than Futures spreads that are processed as Block Trades and Exchange of Contract for Related Position transactions, are required to have the following permissible ratios:

(1) two-legged spreads where the ratio of the number of Contracts in one leg to the number of Contracts in the other leg is 1:1, 1:2 and 2:1;

(2) three-legged spreads where the ratio is 1:1:1 or 1:2:1;

(3) four-legged spreads where the ratio is 1:1:1:1; and

(4) any other spread type from time to time approved by the Exchange.

(C) Futures Spreads that are processed as Block Trades and Exchange of Contract for Related Position transactions are not required to satisfy the permissible ratios in Rule 406A(a)(i)(B).

(D) Futures spreads that are processed as TAS transactions and spread transactions in S&P 500 Variance futures are required to be two-legged spreads that are not strips where the ratio of the number of Contracts in one leg to the number of Contracts in the other leg is 1:1.

(ii) Options spreads are created in the following manner and are subject to the following parameters:

(A) The Options spreads that are made available to be traded in the CFE System are determined based upon the receipt of Options spread creation requests submitted by Trading Privilege Holders. Trading Privilege Holders may submit Options spread creation requests through the CFE System in a form and manner prescribed by the Exchange which include Options legs that are available to be traded in the CFE System.

(B) The Exchange may establish parameters for each Options product that are applicable to the Options spreads in that product that may be requested through Options spread creation requests. These parameters may include, among others, time frames during which Options spread creation requests may be submitted, a minimum and maximum number of legs per spread, ratio limitations within a spread, permissible spread types, the extent to which Futures Contracts of the same Futures product that underlie the Options legs of a spread are required to have the same expiration or may have different expirations, limitations on the execution of Options spreads against individual Orders in the spread legs based on the number of legs in the spread and/or a limit on the total number of Options spreads that may exist in an Options product at any one time.

(C) The Exchange may establish parameters with respect to the number of Options spreads that each Trading Privilege Holder may create for an Options product. These parameters may be applicable by designated time period, such as during each Business Day, and by how this number is counted for each Trading Privilege Holder, such as by Trading Privilege Holder or EFID.

(D) The Exchange shall disseminate to Trading Privilege Holders in a form and manner determined by the Exchange parameters established by the Exchange described in Rule 406A(a)(ii)(B) and Rule 406A(a)(ii)(C).

(E) The CFE System will reject any Options spread creation request that is not submitted in a form and manner prescribed by the Exchange or that is not within the parameters described in Rule 406A(a)(ii)(B) and Rule 406A(a)(ii)(C).

(F) If an Options spread creation request is accepted by the CFE System, the CFE System will:

(1) create the requested Options spread in a form and manner determined by the CFE System and make the Options spread available to be traded in the CFE System by any Trading Privilege Holder;

(2) provide an acknowledgment of the Options spread creation request to the Trading Privilege Holder that submitted the request which includes a spread instrument identification number for the Options spread, the definition of the Options spread as created by the CFE System and the number of Options spreads that have been created by that Trading Privilege Holder in that Options product during the applicable measurement period; and

(3) disseminate through Exchange Market Data that the Options spread is available to be traded in the CFE System, including through dissemination of the spread instrument identification number for the Options spread and the definition of the Options spread as created by the CFE System.

(G) If an Options spread creation request is received by the CFE System for an Options spread that is already available to be traded in the CFE System, the CFE System will provide a response to the Trading Privilege Holder that submitted the request which includes the spread instrument identification number for the Options spread, the definition of the Options spread in the CFE System and the number of Options spreads that have been created by that Trading Privilege Holder in that Options product during the applicable measurement period (which would not include in the count the Options spread requested in this instance).

(H) Trading Privilege Holders and Related Parties shall exercise diligence and care in the creation of Option spreads. No Trading Privilege Holder or Related Party shall knowingly create an Options spread in a manner intended to deceive or unfairly disadvantage other Market Participants.

(I) An Options spread creation request is not, and does not generate, a Spread Order. A Trading Privilege Holder must separately submit a Spread Order in an Options spread created by a Trading Privilege Holder in order to generate an Order in that Options spread.

(J) An Options spread that has been created on a Business Day will no longer be available to be traded in the CFE System following the end of that Business Day if there are not any Good-'til-Canceled Orders or Good-'til-Date Orders pending in that Options spread at the close of trading hours on that Business Day. An Options spread that has been created on a Business Day and has not been removed following the end of that Business Day pursuant to the preceding sentence will no longer be available to be traded in the CFE System following the end of a calendar week if there are not any Good-'til-Canceled Orders or Good-'til-Date Orders pending in that Options spread at the close of trading hours on the last Business Day of that calendar week. An Options spread that is no longer available to be traded in the CFE System following the end of a Business Day or calendar week may be recreated based upon the submission of an Options spread creation request during the next Business Day, the next calendar week or thereafter in accordance with the provisions of this Rule 406A(a)(ii).

(K) The provisions of this Rule 406A(a)(ii) are not applicable to Options spreads that are processed as Block Trades.

(iii) The following Options spreads are recognized types of Options spreads within the CFE System (“Recognized Options Spread Types”): a Vertical Spread, a Butterfly Spread, a Box Spread, a Calendar Spread, an Underlying Calendar Spread and a Diagonal Spread. Recognized Options Spread Types, other than Options spreads that are processed as Block Trades, may be subject to specific Exchange rule provisions relating to the applicable Recognized Options Spread Type. Unless otherwise indicated, the futures Contracts that underlie all of the Options legs of each Recognized Options Spread Type below have the same futures expiration date.

(A) A “Vertical Spread” is a two-legged spread with one leg to buy a number of calls (puts) and one leg to sell the same number of calls (puts) with the same Options expiration date but different exercise prices.

(B) A “Butterfly Spread” is a three-legged spread with two legs to buy (sell) the same number of calls (puts) and one leg to sell (buy) twice as many calls (puts), all with the same Options expiration date but different exercise prices, and the exercise price of the middle leg is between the exercise prices of the other legs. A Butterfly Spread is a “true” Butterfly Spread if the exercise price of the middle leg is halfway between the exercise prices of the other two legs. A Butterfly Spread is a “skewed” Butterfly Spread if either (i) the exercise price of the middle leg is greater than the mid-point between the exercise prices of the other two legs for a Butterfly Spread with two call legs (a “call spread”) or (ii) the exercise price of the middle leg is less than the mid-point between the exercise prices of the other two legs for a Butterfly Spread with two put legs (a “put spread”).

(C) A “Box Spread” is a four-legged spread with one leg to buy calls and one leg to sell puts with one strike price, and one leg to sell calls and one leg to buy puts with another strike price, all of which have the same Options expiration date and are for the same number of contracts.

(D) A “Calendar Spread” is a two-legged spread with one leg to buy a number of calls (puts) and one leg to sell the same number of calls (puts) with the same exercise price but different Options expiration dates.

(E) An “Underlying Calendar Spread” is a two-legged spread with one leg to buy a number of calls (puts) and one leg to



sell the same number of calls (puts) with the same exercise price and Options expiration dates and with underlying futures Contracts that have different futures expiration dates.

(F) A “Diagonal Spread” is a two-legged spread with one leg to buy a number of calls (puts) and one leg to sell the same number of calls (puts) with different Options expiration dates and different exercise prices.

(G) Policy and Procedure I (Recognized Options Spread Types) provides further description and examples of the Recognized Options Spread Types. Policy and Procedure I also sets forth any limitations that are applicable regarding the extent to which a Recognized Options Spread Type may be utilized for a particular Options product.

(iv) Options spreads other than Recognized Options Spread Types may also:

(A) be created and made available to be traded in the CFE System in accordance with the provisions of Rule 406A(a)(ii); and

(B) be processed as Block Trades.

(v) A spread may only include Contract legs of the same Exchange product and may not include Contract legs of different Exchange products.

(vi) The CFE System will treat each defined spread like a unique Contract and instrument from a system perspective and will assign each a unique Contract identifier.

(vii) Spread Orders may have any of the acceptable Order types set forth in Rule 404, except that Spread Orders may not be submitted as Market Orders, Stop Limit Orders or Fill or Kill Orders.

(viii) Spreads open for trading in the manner set forth in Rule 405A.

(ix) A Futures spread will remain in a queuing state prior to being opened for trading, or return to a queuing state after being opened for trading, during any time period in which the width of the prevailing market for any individual leg of the spread exceeds the applicable Threshold Width for the relevant Futures Contract. The CFE System will utilize the opening process set forth in Rule 405A(d)(vii) to open or reopen the spread at such time that there is no longer any individual leg of the spread for which the Threshold Width is exceeded.

(x) The CFE System disseminates Spread Order bids and offers as net prices.

(xi) Once a Spread Order is executed, the CFE System will:

(A) disseminate to the Trading Privilege Holder that placed the Spread Order fill reports for the spread in its entirety and the individual legs;

(B) submit the transaction to clearing as separate trades in the individual legs of the spread;

(C) disseminate last sale reports for the individual legs of the spread trade, with an indication that each last sale for an individual leg is part of a spread trade, as part of the Exchange Market Data that is disseminated by the Exchange; and

(D) disseminate a last sale report for the spread trade, as part of the Exchange Market Data that is disseminated by the Exchange.

(b) *Spread Order Execution.*

(i) The base allocation method and priority overlay applicable to a Contract shall apply to Spread Orders in the Contract unless otherwise specified in the rules governing that Contract.

(ii) A Spread Order may be fully or partially executed against an opposite side Spread Order that is residing in the CFE System as long as:

(A) the price of the trade in each leg of the spread would occur at the prevailing best bid price, the prevailing best offer price, or between the prevailing best bid price and prevailing best offer price in that individual Contract leg; and

(B) if the Spread Order is in a Futures product, the width of the prevailing market for each leg of the spread does not exceed the applicable Threshold Width for that Futures product.

(iii) A Spread Order may be fully or partially executed against individual Orders in the legs of the spread that are residing in the CFE System as long as:

(A) the Spread Order is not able, or is no longer able, to execute against Spread Orders residing in the CFE System pursuant to Rule 406A(b)(ii);

(B) the Spread Order can be executed in full (or partially executed while maintaining the ratio of the Spread Order for the

unexecuted portion) against the individual leg Orders residing in the CFE System;

(C) if the Spread Order is in a Futures product, the width of the prevailing market for each leg of the spread does not exceed the applicable Threshold Width for that Futures product; and

(D) if the Spread Order is in an Options product, the Spread Order is not:

(1) a Spread Order with two legs where both legs are to buy or both legs are to sell and where both legs are calls or both legs are puts; or

(2) a Spread Order with three or four legs where all legs are to buy or all legs are to sell.

(iv) If more than one Spread Order is able to execute against an individual leg Order, the determination of which Spread Order(s) will execute against the individual leg Order will be based on priority as determined by:

(A) the Futures Spread Processing Sequence as applied to the applicable spreads for Futures spreads or the Options Spread Processing Sequence as applied to the applicable spreads for Options spreads; and

(B) in order of time priority within each of the applicable spreads.

(v) Spread Orders will always trade in ratio. When trading with other Spread Orders, Spread Orders will only trade with opposite side Spread Orders with the same components and ratios.

(vi) The CFE System will treat a Spread Order as having an adjusted limit price as described below in the following two circumstances.

(A) The first circumstance is in the event that:

(1) a Spread Order is not able, or is no longer able, to execute against Spread Orders and individual leg Orders residing in the CFE System pursuant to Rule 406A(b)(ii) and Rule 406A(b)(iii), and

(2) the limit price of the Spread Order is crossed with the opposite side Implied Spread Bid or Implied Spread Offer.

(B) The second circumstance is in the event that:

(1) a Lower Price Limit or Upper Price Limit is in effect for a Futures product,

(2) the Lower Price Limit or Upper Price Limit is used as an input to the calculation of an Implied Spread Bid or Implied Spread Offer in that Futures product, and

(3) the limit price of the Spread Order is crossed with an opposite side Implied Spread Bid or Implied Spread Offer calculated using a Lower Price Limit or Upper Price Limit.

(C) If either of the above two circumstances occurs with respect to a Spread Order, the following shall take place during the time period in which that circumstance exists:

(1) the limit price of the Spread Order will be treated by the CFE System as having been changed to the price of the opposite side Implied Spread Bid or Implied Spread Offer;

(2) as the opposite side Implied Spread Bid or Implied Spread Offer changes while the original limit price of the Spread Order remains crossed with the opposite side Implied Spread Bid or Implied Spread Offer, the limit price of the Spread Order will be treated as having been changed to the price of the then prevailing opposite side Implied Spread Bid or Implied Spread Offer; and

(3) the Spread Order will be handled by the CFE System in the same manner as it otherwise would be handled with the one exception that it will be treated as having the adjusted limit price.

(D) Any Spread Orders that are treated as having an adjusted limit price in the second circumstance above at the point in time at which a Lower Price Limit or Upper Price Limit is no longer in effect for a Futures product (such as when the Futures product moves directly from extended trading hours to regular trading hours) are transitioned back to being treated as having their original limit prices in the Futures Spread Processing Sequence as applied to the applicable spreads and within each of the applicable spreads in order of time priority.

Amended October 31, 2017 (17-016); February 25, 2018 (17-017); July 10, 2023 (23-002); March 25, 2024 (24-002).

#### **406B. Match Trade Prevention**

(a) *Match Trade Prevention Modifiers.* The Exchange shall make available to Trading Privilege Holders the ability to utilize Match Trade Prevention (“MTP”) functionality in a form and manner prescribed and provided by the Exchange.

Single Orders may be marked with an MTP modifier at the Order level or at the match capacity allocation level, and single Orders may be marked to override an MTP setting at the match capacity allocation level. Quotes may be marked with an MTP modifier at the quoting match capacity allocation level such that the MTP modifier applies to all Quotes submitted through the quoting match capacity allocation while that particular setting is in place. An incoming Quote or resting bid or offer established by a Quote is treated the same as an Order for MTP purposes.

Any incoming Order designated with an MTP modifier is prevented from executing against a resting opposite side Order also designated with an MTP modifier and originating from the same EFID, Trading Privilege Holder identifier, or trading group identifier (any such identifier, a “Unique Identifier”). The MTP modifier on the incoming Order controls the interaction between two Orders marked with MTP modifiers.

(b) *MTP Cancel Newest.* An incoming Order marked with the MTP Cancel Newest (“MCN”) modifier does not execute against an opposite side resting Order marked with any MTP modifier originating from the same Unique Identifier. The incoming Order with the MCN modifier (or the remaining portion of that Order if it has already been partially executed against one or more other Orders) is rejected or canceled back to the sender by the CFE System at the point it would have executed against the resting Order with the MTP modifier. The resting Order marked with the MTP modifier remains in the Order book.

(c) *MTP Cancel Oldest.* An incoming Order marked with the MTP Cancel Oldest (“MCO”) modifier does not execute against an opposite side resting Order marked with any MTP modifier originating from the same Unique Identifier. The resting Order with the MTP modifier (or the remaining portion of that Order if it has already been partially executed against one or more other Orders) is canceled back to the sender by the CFE System at the point it would have executed against the incoming Order with the MCO modifier. The incoming order with the MCO modifier may trade with other Orders, rest in the Order book, or be handled in accordance with its instructions (such as in the case of an Immediate or Cancel Order with respect to which any remaining quantity is canceled).

(d) *MTP Cancel Both.* An incoming Order marked with the MTP Cancel Both (“MCB”) modifier will not execute against an opposite side resting Order marked with any MTP modifier originating from the same Unique Identifier. Both Orders (or the remaining portions of those Orders if they have already been partially executed against one or more other Orders) are rejected or canceled back to the sender(s) by the CFE System.

(e) *Spread Orders.* MTP functionality applies to Spread Orders in the following manner:

(i) With respect to the execution of a Spread Order against another Spread Order, MTP functionality applies as described in paragraphs (a), (b) and (c) above.

(ii) With respect to the execution of a Spread Order against a simple Order, a Spread Order marked with an MTP modifier will not execute against a simple Order marked with any MTP modifier originating from the same Unique Identifier. The Spread Order (or the remaining portion of the Spread Order if it has already been partially executed against one or more other Orders) is rejected or canceled back to the sender by the CFE System at the point it would have executed against the simple Order with the MTP modifier. This is the case regardless of which MTP modifier(s) are marked on the Spread Order and the simple Order. The simple Order with the MTP modifier is not rejected or canceled back to the sender by the CFE System by the MTP functionality regardless of which MTP modifier(s) are marked on the Spread Order and the simple Order.

(f) *Use of MTP Functionality.* Although the use of Exchange MTP functionality is not mandatory other than as described in paragraph (g) below, the failure of a Trading Privilege Holder to utilize Exchange MTP functionality will be deemed an aggravating factor if the Trading Privilege Holder is found to have engaged in wash trading that otherwise would have been prevented by using Exchange MTP functionality.

(g) *DPMs and LMMs.* Each designated primary market maker (“DPM”) and lead market maker (“LMM”) for a product is required to utilize Exchange MTP functionality with respect to trading in that product through the EFID that the DPM or LMM has designated to the Exchange for use under the DPM or LMM program for that product.

Adopted April 7, 2014 (13-39); Amended February 25, 2018 (17-017); January 1, 2020 (19-023); May 4, 2020 (20-002); August 1, 2021 (21-022).

#### **407. Crossing Trades**

(a) A Trading Privilege Holder or Authorized Trader that wishes to cross two or more original Orders, including without limitation a solicited Order, must, for the time period prescribed by the rules governing the relevant Contract, expose to the market at least one of the Orders that it intends to cross. The required time period for such exposure and the eligible size of an Order that may be entered pursuant to this Rule 407 shall be as set forth in the rules governing such Contract.

(b) If the exposed Order has not been completely filled by the end of the exposure period, then the Trading Privilege Holder or Authorized Trader, as applicable, may enter the opposite Order(s) to cross the balance of the exposed Order.

- (c) A Trading Privilege Holder or Authorized Trader that wishes to cross an Order for a Customer shall exercise due diligence in the handling and execution of the Order in accordance with Rule 512.

Amended March 6, 2008 (08-01); February 21, 2013 (13-07).

#### **408. Market Data and Related Agreements**

The Exchange will make information regarding trades completed on the Exchange, prices bid or offered on the Exchange and any other matters it may deem appropriate (collectively, "Market Data") available at such times and in such manner (whether through the CFE System, one or more Affiliates of the Exchange, one or more financial information vendors and/or otherwise) as the Exchange may consider necessary or appropriate from time to time. The Exchange may require Trading Privilege Holders, financial information vendors, Independent Software Vendors, extranet service providers, and other Persons that receive Market Data from the Exchange or an Exchange Affiliate to execute one or more market data, connectivity or similar agreements with the Exchange or Exchange Affiliate in a form and manner prescribed by the Exchange or Exchange Affiliate.

Amended April 19, 2005 (05-12); March 1, 2012 (12-06); June 30, 2014 (14-13); February 25, 2018 (17-017); June 6, 2021 (21-007).

#### **409. Requirements for Average Price System Transactions**

A Trading Privilege Holder that is a registered futures commission merchant receiving multiple execution prices on an Order or series of Orders for any Contract may use an Average Price System to calculate and confirm to any Customer an average price for such Contract, provided all of the following requirements are satisfied:

- (a) Such Customer shall have requested such Trading Privilege Holder to use an Average Price System;
- (b) Each individual transaction with respect to such Contract shall be submitted to, and cleared by, the Clearing Corporation at the price at which it was executed;
- (c) Such Trading Privilege Holder shall compute the weighted mathematical average price by (i) multiplying the number of Contracts purchased or sold at each execution price by that price, (ii) adding the results together and (iii) dividing the sum by the total number of Contracts purchased or sold; provided that for any series of Orders, the average price may be computed based on the average price of each Order in that series; provided, further, that a Trading Privilege Holder may confirm to its Customer either the actual average price or an average price rounded up (in the case of a buy Order) or down (in the case of a sell Order) to the closest minimum price fluctuation; provided, further, if the average price computation yields an amount that cannot be expressed in whole one-cent increments, any amount that is less than one cent may be retained by the Trading Privilege Holder;

- (d) Such Trading Privilege Holder shall (i) possess records to support the computations described in paragraph (c) above and the allocations to Customer accounts, (ii) maintain such records in accordance with applicable Commission Regulations and (iii) make such records available for inspection by affected Customers upon request;
- (e) In the case of multiple execution prices on a series of Orders for any Contract, each such Order shall be for the same account or group of accounts and for the same commodity and expiration (except in the case of a Spread Order, where each leg may be for a different expiration);
- (f) Such Trading Privilege Holder shall ensure that prices for transactions for any of its proprietary accounts are not averaged with prices for transactions executed on behalf of Customers;
- (g) Such Customer shall have received appropriate disclosure regarding the method used to calculate the average price; and
- (h) Such Trading Privilege Holder shall identify each transaction for which the execution price is computed pursuant to an Average Price System on each confirmation statement and monthly statement on which such transaction is reported to the Customer.

Amended December 15, 2014 (14-17.)

#### **410. Application and Closing Out of Offsetting Positions**

Any Trading Privilege Holder of the Exchange that is registered with the Commission as a futures commission merchant must comply with the provisions of Commission Regulation § 1.46.

##### **410A. Reporting Open Interest Information to the Clearing Corporation**

Each Clearing Member shall report to the Clearing Corporation, on each Business Day, gross position adjustment information as necessary to identify the actual open interest in each Clearing Member account at the Clearing Corporation based on the trading activity for that Business Day, to the extent required by and in accordance with the rules of the Clearing Corporation. Gross position adjustment information is not required to be reported to the Clearing Corporation pursuant to this Rule 410A for Market Maker accounts at the Clearing Corporation or for transactions with respect to which a Trading Privilege Holder has designated as part of the applicable Order submission to the Exchange whether the transaction is opening or closing.

Adopted April 3, 2015 (15-06).

#### **411. Errors of Trading Privilege Holders**

- (a) If a Trading Privilege Holder discovers an error in the handling of an Order for a Customer after the relevant trade is completed, and the Order cannot be



executed in the market at a price which is better than or equal to that at which the Order should have been executed, such Trading Privilege Holder shall do one or more of the following:

(i) Execute the Order in the market and make an appropriate cash adjustment to the Customer such that the Customer effectively receives a price that is equal to or better than the price at which its Order should have been executed; or

(ii) Notwithstanding any other provision of these Rules to the contrary, execute a spread transaction in the market where one leg is for such Customer's account and the other leg is for the account of such Trading Privilege Holder; *provided* that, as a result of such spread transaction, the Customer shall receive a price equal to or better than the price at which its Order should have been executed. Any such spread transaction must be reported to the Exchange.

Any violation of this Rule 411 for the purpose of taking advantage of an Order or Orders shall constitute conduct which is inconsistent with just and equitable principles of trade.

(b) This Rule 411 shall not be construed to contravene any instructions received by a Trading Privilege Holder from a Customer with respect to any Order prior to its execution, but shall be construed to permit execution of Orders under the conditions described in paragraph (a) above, without prior instructions from a Customer.

Amended November 4, 2004 (04-20); July 26, 2005 (05-20).

## **Position Limits and Accountability, Position Information, Price Limits and Final Settlement Prices**

### **412. Position Limits**

(a) The Exchange shall designate for each Contract whether it is subject to position limits or to position accountability. This Rule 412 governs Contracts that are subject to position limits.

(b) Position limits shall be as established by the Exchange from time to time as permitted by Commission Regulation 38.300, Part 150 of the Commission Regulations and Commission Regulation 41.25, as applicable. Such position limits may be specific to a particular Contract or contract expiration or may be established on an aggregate basis among Contracts or contract expiration. Except as specified in paragraphs (c) and (d) below, Trading Privilege Holders shall not control, or trade in, any number of Contracts that exceed any position limits so established by the Exchange. Once established, any such position limits shall be deemed to constitute a part of each Trading Privilege Holder's account and clearing agreement. Except as specified in paragraphs (c) and (d) below, no Trading Privilege Holder shall be permitted to enter, or place an Order to enter, into any

transaction on the Exchange that would cause such Trading Privilege Holder to exceed any position limits.

(c) On the basis of an application to the Exchange in accordance with paragraph (d) below, and such supplemental information as the Exchange may request, the Exchange will determine whether to grant a position limit exemption for one or more bona fide hedge transactions or positions, risk management transactions or arbitrage or spread transactions. To the extent that a Contract is subject to federal position limits or otherwise subject to the provisions Part 150 of the Commission Regulations, the Exchange shall adhere to the applicable provisions Part 150 of the Commission Regulations, including any applicable definitions and requirements, in relation to any position limit exemption requests relating to that Contract.

(d) Any application for a position limit exemption must be made by the relevant Trading Privilege Holder to the Exchange in such form, and within such time limits, as the Exchange may from time to time prescribe. Without limiting the generality of the foregoing, any such application must include the following:

(i) If a qualified bona fide hedge transaction or position, a representation that describes how the transaction qualifies as a bona fide hedge transaction or position;

(ii) If a risk management transaction, a representation that the position held by a Trading Privilege Holder that typically buys, sells or holds positions in the underlying cash market, a related cash market or a related over-the-counter market for which the underlying market has a high degree of demonstrated liquidity relative to the size of the positions and where there exist opportunities for arbitrage which provide a close linkage between the futures or options market and the underlying market;

(iii) If an arbitrage or spread transaction, an undertaking that the prospective arbitrageur or spreader will specify the extent of the Trading Privilege Holder's current or planned activity in the cash market underlying the Contract for which such exemption is requested;

(iv) A representation that the bona fide hedge, risk management, arbitrage or spread transaction will not be used in an attempt to violate or avoid any Rule of the Exchange;

(v) A representation that the positions involved shall be established and liquidated in an orderly manner based upon the characteristics of the market for which the exemption is sought;

(vi) A representation that such Trading Privilege Holder has complied with any applicable federal requirements, including compliance with all applicable Commission regulations relating to bona fide hedging, risk management, arbitrage or spread transactions;

(vii) A schedule of the maximum number of Contracts, long and

short, that such Trading Privilege Holder intends to enter into for bona fide hedging, risk management, arbitrage or spread transaction purposes;

(viii) An agreement that such Trading Privilege Holder will comply with any terms, conditions or limitations imposed by the Exchange with respect to the exemption;

(ix) An agreement by such Trading Privilege Holder to promptly submit a supplemental statement explaining any change in circumstances that may affect the nature of its positions;

(x) An agreement by such Trading Privilege Holder to promptly notify the Exchange of any material change to the information provided in any application; and

(xi) A representation that the Exchange may, at any time, rescind, limit or condition any exemption.

(e) The following provisions (which are equivalent to the provisions under Rule 412A(f) in relation to position accountability levels) shall be applicable with respect to the aggregation of positions for purposes of position limits established by the Exchange:

(i) For the purpose of applying position limits established by the Exchange, unless an exemption set forth in Rule 412(e)(iii) applies, all positions in accounts for which any Person, by power of attorney or otherwise, directly or indirectly controls trading or holds a 10 percent or greater ownership or equity interest must be aggregated with the positions held and trading done by that Person. For the purpose of determining the positions in accounts for which any Person controls trading or holds a 10 percent or greater ownership or equity interest, positions or ownership or equity interests held by, and trading done or controlled by, two or more Persons acting pursuant to an expressed or implied agreement or understanding shall be treated the same as if the positions or ownership or equity interests were held by, or the trading were done or controlled by, a single Person.

(ii) Notwithstanding the provisions of Rule 412(e)(iii), for the purpose of applying position limits established by the Exchange, any Person that, by power of attorney or otherwise, holds or controls the trading of positions in more than one account or pool with substantially identical trading strategies, must aggregate all such positions (determined pro rata) with all other positions held and trading done by that Person and the positions in accounts which the Person must aggregate pursuant to Rule 412(e)(i).

(iii) The following exemption provisions shall apply with respect to the aggregation of positions for the purpose of applying position limits established by the Exchange:

(A) Notwithstanding the provisions of Rule 412(e)(i), but subject to the provisions of Rule 412(e)(ii) and to compliance with the requirements of this Rule 412(e)(iii), the aggregation requirements of Rule 412(e)(i) shall not apply if and to the extent that (as further described in this Rule 412(e)(iii)):

(1) an exemption recognized by the Commission under Commission Regulation 150.4(b) to the aggregation of positions for purposes of position limits is applicable; and

(2) a Trading Privilege Holder has received approval from the Exchange to apply that exemption.

The provisions of Commission Regulation 150.4(b) are incorporated by reference into this Rule 412(e)(iii) and are applicable to positions in Exchange Contracts under the Rules of the Exchange for purposes of implementation of Rule 412(e) by the Exchange as if it were the Commission.

(B) A Trading Privilege Holder seeking an aggregation exemption from the Exchange under this Rule 412(e)(iii) to position limits established by the Exchange pursuant to any of the aggregation exemption provisions under Commission Regulation 150.4(b) shall file an exemption request ("Aggregation Exemption Request") with the Exchange in a form and manner prescribed by the Exchange (regardless of whether or not a notice is required to be filed with the Commission under Commission Regulation 150.4(b) with respect to that type of exemption).

(C) An Aggregation Exemption Request shall include:

(1) an identification of the aggregation exemption provision under Commission Regulation 150.4(b) pursuant to which disaggregation is requested, a description of the relevant circumstances that warrant disaggregation and any other information as may be required by the Exchange; and

(2) a statement of a senior officer or representative of the Trading Privilege Holder certifying that the conditions set forth in the applicable aggregation exemption provision have been met.

(D) An aggregation exemption under this Rule 412(e)(iii) to position limits established by the Exchange pursuant to any of the aggregation exemption provisions under Commission Regulation 150.4(b) shall not become effective unless and until an

Aggregation Exemption Request to apply that aggregation exemption has been approved by the Exchange.

(E) Upon request by the Exchange, any Trading Privilege Holder seeking an aggregation exemption under this Rule 412(e)(iii) or that has received an aggregation exemption under this Rule 412(e)(iii) shall provide any requested information to the Exchange in order to demonstrate that the Trading Privilege Holder meets or continues to meet the requirements of the exemption.

(F) In the event of a material change to the information provided in an Aggregation Exemption Request, an updated or amended Aggregation Exemption Request detailing the material change shall promptly be filed with the Exchange in a form and manner prescribed by the Exchange.

(G) The Exchange, in its sole discretion, may determine not to grant or to amend, suspend, terminate or otherwise modify an aggregation exemption for failure to comply, to continue to comply or to adequately demonstrate compliance with the provisions of Rule 412(e) or in the interest of market integrity.

(H) The provisions of Rule 412(e) shall not apply to Security Futures.

(f) The application for a position limit exemption must be submitted to and approved by the Exchange before execution of any transaction for which the exemption is requested. In granting any position limit exemption, the Exchange may impose such limitations or conditions upon the grant of the exemption as it may deem necessary or appropriate. Factors to be taken into account by the Exchange in determining whether to limit or condition a position limit exemption may include, among others, the liquidity of the markets involved, sound commercial practices and the Trading Privilege Holder's financial condition and business circumstances. Any position limit exemption granted by the Exchange for a bona fide hedge transaction, risk management transaction or arbitrage or spread transaction shall remain in effect for the time period designated by the Exchange, unless the exemption is earlier rescinded by the Exchange. The time period for which a position limit exemption may be granted by the Exchange may be up to two years. The Exchange shall have the authority, at any time and in its sole discretion, to review and rescind, limit or condition any position limit exemption granted by it. A Trading Privilege Holder shall promptly submit to the Exchange upon request such supplemental information requested by the Exchange in connection with the review of a position limit exemption granted to the Trading Privilege Holder. A Trading Privilege Holder that has received a position limit exemption must annually file an updated position limit application not later than one year following the approval date of the most recent application. Failure to file an updated application will result in expiration of the exemption.

(g) If a position exceeds a position limit as a result of an Option assignment, the Person who owns or controls that position shall be allowed one Business Day to liquidate the excess position without being considered in violation of the position limit. Additionally, if, at the close of trading on a Business Day, a position that includes Options exceeds a position limit when evaluated using the Options delta values disseminated by the Exchange for that Business Day, but does not exceed the position limit when evaluated using the Options delta values disseminated by the Exchange for the previous Business Day, then the position shall not constitute a position limit violation.

Amended June 6, 2005 (05-17); July 26, 2005 (05-20); October 11, 2007 (07-11); December 6, 2012 (12-29); December 15, 2014 (14-17); February 25, 2018 (17-017); May 24, 2019 (19-006); March 29, 2021 (21-011); July 10, 2023 (23-002).

#### **412A. Position Accountability**

(a) The Exchange shall designate for each Contract whether it is subject to position limits or is subject to position accountability. This Rule 412A governs Contracts that are subject to position accountability.

(b) The Exchange shall designate one or more position accountability levels for each Contract that is subject to position accountability.

(c) A Trading Privilege Holder shall provide notice to the Exchange in a form and manner prescribed by the Exchange prior to, or within one Business Day of exceeding, an all-expirations-combined position accountability level.

(d) If at the time of commencement of trading hours for the Business Day immediately preceding the Business Day on which a position accountability level solely for an expiring contract becomes applicable a Trading Privilege Holder either controls aggregate positions in the expiring contract in excess of that position accountability level or intends to control aggregate positions in the expiring contract in excess of that position accountability level at the time it becomes applicable, the Trading Privilege Holder shall provide notice of the foregoing to the Exchange in a form and manner prescribed by the Exchange and within the time frame designated by the Exchange. During the time period in which a position accountability level solely for an expiring contract is applicable, a Trading Privilege Holder shall provide notice to the Exchange in a form and manner prescribed by the Exchange no later than one full Business Day prior to exceeding that position accountability level.

(e) A Trading Privilege Holder that is required to provide notice to the Exchange pursuant to paragraph (c) or (d) above or that controls aggregate positions in a Contract in excess of a position accountability level during the time period in which the position accountability level is applicable shall be subject to the following provisions with respect to position accountability:

(i) The Trading Privilege Holder shall provide to the Exchange with such information as the Exchange may prescribe or request from time

to time pertaining to: the nature and size of the positions, the trading strategy employed with respect to the positions, the Trading Privilege Holder's intentions with respect to the positions, any hedging activities relating to the positions and any other information relating to the positions or the Trading Privilege Holder's intentions with respect to the positions as the Exchange may prescribe or request;

(ii) The Exchange may, in its sole discretion, require the Trading Privilege Holder (a) not to further increase any positions that are above the applicable position accountability levels, (b) to reduce any positions that are above the applicable position accountability levels, or (c) to comply with any prospective levels or limits prescribed by the Exchange which equal or exceed the applicable position accountability levels or the size of the positions controlled by the Trading Privilege Holder;

(iii) The Exchange, in its sole discretion and at any time, may (a) impose such other terms, conditions and limitations upon the Trading Privilege Holder in relation to exceeding position accountability levels as the Exchange may deem necessary or appropriate, (b) require that an updated notice be submitted to the Exchange pursuant to paragraph (c) or (d) above in a frequency designated by the Exchange in order to continue to maintain positions that are above applicable position accountability levels, and (c) review and rescind, limit or condition any Exchange determinations in relation to exceeding position accountability levels;

(iv) The Trading Privilege Holder shall hold all positions in excess of the applicable position accountability levels in an account or accounts designated in writing to the Exchange and shall not transfer or move the positions to another account absent advance written notice to and approval by the Exchange; and

(v) Any positions in excess of the applicable position accountability levels shall be initiated and liquidated in an orderly manner. Without limiting the generality of the foregoing, any reduction of positions as may be required by the Exchange pursuant to Rule 412A(e)(ii)(b) above shall be conducted in an orderly manner.

(f) The following provisions (which are equivalent to the provisions under Rule 412(e) in relation to position limits) shall be applicable with respect to the aggregation of positions for purposes of position accountability levels established by the Exchange:

(i) For the purpose of applying position accountability levels established by the Exchange, unless an exemption set forth in Rule 412A(f)(iii) applies, all positions in accounts for which any Person, by power of attorney or otherwise, directly or indirectly controls trading or holds a 10 percent or greater ownership or equity interest must be aggregated with the positions held and trading done by that Person. For the purpose of determining the positions in accounts for which any Person

controls trading or holds a 10 percent or greater ownership or equity interest, positions or ownership or equity interests held by, and trading done or controlled by, two or more Persons acting pursuant to an expressed or implied agreement or understanding shall be treated the same as if the positions or ownership or equity interests were held by, or the trading were done or controlled by, a single Person.

(ii) Notwithstanding the provisions of Rule 412A(f)(iii), for the purpose of applying position accountability levels established by the Exchange, any Person that, by power of attorney or otherwise, holds or controls the trading of positions in more than one account or pool with substantially identical trading strategies, must aggregate all such positions (determined pro rata) with all other positions held and trading done by that Person and the positions in accounts which the Person must aggregate pursuant to Rule 412A(f)(i).

(iii) The following exemption provisions shall apply with respect to the aggregation of positions for the purpose of applying position accountability levels established by the Exchange:

(A) Notwithstanding the provisions of Rule 412A(f)(i), but subject to the provisions of Rule 412A(f)(ii) and to compliance with the requirements of this Rule 412A(f)(iii), the aggregation requirements of Rule 412A(f)(i) shall not apply if and to the extent that (as further described in this Rule 412A(f)(iii)):

(1) an exemption recognized by the Commission under Commission Regulation 150.4(b) to the aggregation of positions for purposes of position limits is applicable; and

(2) a Trading Privilege Holder has received approval from the Exchange to apply that exemption.

The provisions of Commission Regulation 150.4(b) are incorporated by reference into this Rule 412A(f)(iii) and are applicable to positions in Exchange Contracts under the Rules of the Exchange for purposes of implementation of Rule 412A(f) by the Exchange as if it were the Commission.

(B) A Trading Privilege Holder seeking an aggregation exemption from the Exchange under this Rule 412A(f)(iii) to position accountability levels established by the Exchange pursuant to any of the aggregation exemption provisions under Commission Regulation 150.4(b) shall file an exemption request ("Aggregation Exemption Request") with the Exchange in a form and manner prescribed by the Exchange (regardless of whether or not a notice is required to be filed with the Commission under Commission Regulation 150.4(b) with respect to that type of exemption).



(C) An Aggregation Exemption Request shall include:

(1) an identification of the aggregation exemption provision under Commission Regulation 150.4(b) pursuant to which disaggregation is requested, a description of the relevant circumstances that warrant disaggregation and any other information as may be required by the Exchange; and

(2) a statement of a senior officer or representative of the Trading Privilege Holder certifying that the conditions set forth in the applicable aggregation exemption provision have been met.

(D) An aggregation exemption under this Rule 412A(f)(iii) to position accountability levels established by the Exchange pursuant to any of the aggregation exemption provisions under Commission Regulation 150.4(b) shall not become effective unless and until an Aggregation Exemption Request to apply that aggregation exemption has been approved by the Exchange.

(E) Upon request by the Exchange, any Trading Privilege Holder seeking an aggregation exemption under this Rule 412A(f)(iii) or that has received an aggregation exemption under this Rule 412A(f)(iii) shall provide any requested information to the Exchange in order to demonstrate that the Trading Privilege Holder meets or continues to meet the requirements of the exemption.

(F) In the event of a material change to the information provided in an Aggregation Exemption Request, an updated or amended Aggregation Exemption Request detailing the material change shall promptly be filed with the Exchange in a form and manner prescribed by the Exchange.

(G) The Exchange, in its sole discretion, may determine not to grant or to amend, suspend, terminate or otherwise modify an aggregation exemption for failure to comply, to continue to comply or to adequately demonstrate compliance with the provisions of Rule 412A(f) or in the interest of market integrity.

(H) The provisions of Rule 412A(f) shall not apply to Security Futures.

(g) If a Trading Privilege Holder exceeds a position accountability level as a result of maintaining positions at more than one Clearing Member, the Trading Privilege Holder will be deemed to have waived the confidentiality of its positions and the identity of the Clearing Members at which the positions are maintained.

(h) If a position exceeds a position accountability level as a result of an Option assignment, the Person that owns or controls that position shall be allowed one Business Day to liquidate the excess position before that position is considered to be above the position accountability level for purposes of the obligation to provide notice to the Exchange with regard to the position pursuant to paragraph (c) or (d) above. Additionally, if, at the close of trading on a Business Day, a position that includes Options exceeds a position accountability level when evaluated using the Options delta values disseminated by the Exchange for that Business Day, but does not exceed the position accountability level when evaluated using the Options delta values disseminated by the Exchange for the previous Business Day, then the position shall not be considered to be above the position accountability level for purposes of the obligation to provide notice to the Exchange with regard to the position pursuant to paragraph (c) or (d) above. Notwithstanding the foregoing, the other of the provisions of this Rule 412A, including without limitation the provisions of paragraph (e) above, shall remain applicable in both of the situations described in this paragraph (h).

(i) To the extent that a Trading Privilege Holder does not comply with any written or verbal instruction issued by the Exchange with respect to position accountability levels, such non-compliance may constitute a violation of this Rule 412A.

Adopted October 11, 2007 (07-11). Amended December 6, 2012 (12-29); April 2, 2014 (14-05); May 24, 2019 (19-006); July 2, 2019 (19-012); April 20, 2022 (22-002); July 10, 2023 (23-002).

#### **412B. Ownership and Control Reports and Reportable Positions**

(a) Each Trading Privilege Holder shall, in a form and manner prescribed by the Exchange:

(i) concurrently file with the Exchange a copy of all CFTC Form 102 (including CFTC Form 102A and CFTC Form 102B) and CFTC Form 71 submissions (including any attachments, related submissions, or related information) relating to Exchange Contracts that each Trading Privilege Holder is required to report to the Commission pursuant to Commission regulations; and

(ii) concurrently report to the Exchange reportable positions in Exchange Contracts that each Trading Privilege Holder is required to report to the Commission pursuant to Commission regulations.

(b) Any Person that is not a Trading Privilege Holder and that is required to make to the Commission pursuant to Commission regulations CFTC Form 102 (including CFTC Form 102A and CFTC Form 102B) or CFTC Form 71 submissions (including any attachments, related submissions, or related information) relating to Exchange Contracts shall, in a manner and form prescribed by the Exchange:

(i) concurrently file with the Exchange copies of all CFTC Form 102 (including CFTC Form 102A and CFTC Form 102B), or CFTC Form 71 submissions (including any attachments, related submissions, or related information) relating to Exchange Contracts that the Person is required to report to the Commission pursuant to Commission regulations; and

(ii) concurrently report to the Exchange reportable positions in Exchange Contracts that the Person is required to report to the Commission pursuant to Commission regulations.

(c) Each Trading Privilege Holder that is not a Clearing Member shall, in a form and manner prescribed by the Exchange:

(i) report to the Exchange the same information regarding the identification and reporting of special accounts relating to Exchange Contracts that each Trading Privilege Holder that is a Clearing Member is required to report to the Commission pursuant to Commission regulations:

(ii) report to the Exchange reportable positions in Exchange Contracts in special accounts that each Trading Privilege Holder that is a Clearing Member is required to report to the Commission pursuant to Commission regulations.

Adopted December 1, 2011 (11-25). Amended March 18, 2013 (13-10); September 28, 2016 (15-003), (15-022), (16-005).

#### **413. Price Limits; Final Settlement Prices**

(a) The rules governing a particular Contract shall contain any price limits that apply to trading in such Contract.

(b) In the case of any Contract that is a cash-settled security futures product (as such term is defined in Section 1a(32) of the CEA), the rules governing such Contract shall establish principles for the determination of final settlement prices that are consistent with Commission Regulation §41.25(b).

Amended July 26, 2005 (05-20).

### **Off-Exchange Transactions**

#### **414. Exchange of Contract for Related Position**

(a) If and to the extent permitted by the rules governing the applicable Contract, a bona fide Exchange of Contract for Related Position (“ECRP”) may be entered into off of the Exchange with respect to a Contract at a price mutually agreed upon by the parties to such transaction. An Exchange of Contract for Related Position transaction must conform to the applicable trading increments for Exchange of Contract for Related Position transactions set forth in the rules governing the

relevant Contract. Each Exchange of Contract for Related Position must contain the following three essential elements:

- (i) a transaction in a Contract that is listed on the Exchange and a transaction in a related position or an option on the related position (known as the “Related Position”);

- (ii) an exchange of Contract for the Related Position that involves an actual transfer of ownership, which must include

- (1) an ability to perform the Exchange of Contract for Related Position and

- (2) a transfer of title of the Contract and Related Position upon consummation of the exchange; and

- (iii) separate parties, such that the accounts involved on each side of the Exchange of Contract for Related Position have different beneficial ownership or are under separate control, provided that separate profit centers of a futures commission merchant operating under separate control are deemed to be separate parties for purposes of this Rule 414.

(b) For purposes of this Rule 414, the term “Related Position” shall include, but not be limited to, a security, a derivative, any commodity as that term is defined by the CEA, or a group or basket of any of the foregoing. The Related Position being exchanged need not be the same as the underlying of the Contract transaction being exchanged, but the Related Position must have a high degree of price correlation to the underlying of the Contract transaction so that the Contract transaction would serve as an appropriate hedge for the Related Position. The Related Position being exchanged may not be a Contract traded on or subject to the Rules of the Exchange.

(c) In every Exchange of Contract for Related Position, one party must be the buyer of (or the holder of the long market exposure associated with) the Related Position and the seller of the corresponding Contract and the other party must be the seller of (or the holder of the short market exposure associated with) the Related Position and the buyer of the corresponding Contract.

For purposes of this Rule 414, a party on one side of an Exchange of Contract for Related Position transaction may either (i) consist of a single party or (ii) collectively consist of affiliated parties where the Related Position and the corresponding Contract are executed for accounts with the same beneficial ownership.

Each party to an Exchange of Contract for Related Position transaction must satisfy any applicable Commission requirements regarding eligibility to participate in the transaction.

Further, the quantity of the Related Position traded in an Exchange of Contract for Related Position must correlate to the quantity represented by the Contract portion of the transaction.

Only Trading Privilege Holders can be the executing parties to an Exchange of Contract for Related Position transaction reported to the Exchange. In order for a party that satisfies the requirements of the preceding paragraph and is not a Trading Privilege Holder to effectuate an Exchange of Contract for Related Position transaction, that party must utilize a Trading Privilege Holder eligible to act in an agency capacity for that party to execute the Exchange of Contract for Related Position transaction on behalf of that party in an agency capacity. A Trading Privilege Holder that acts as a broker for a Customer which satisfies the requirements of the preceding paragraph may authorize the Customer to directly negotiate Exchange of Contract for Related Position transactions for which the Trading Privilege Holder is the executing party in its agency capacity as broker for that Customer, provided that the other requirements of this Rule 414 are satisfied.

(d) The execution of an Exchange of Contract for Related Position transaction may not be contingent upon the execution of another Exchange of Contract for Related Position or related position transaction between the parties where the transactions result in the offset of the related position without the incurrence of market risk that is material in the context of the related position transactions.

(e) The timing of an Exchange of Contract for Related Position transaction must satisfy all of the following three requirements:

(i) The agreement to an Exchange of Contract for Related Position transaction may only occur during the Trading Hours, or a queuing period not in connection with a trading halt, for the Contract that comprises the Contract leg of the transaction, when that Contract is not halted or suspended ("Permissible Agreement Period"). For purposes of this Rule 414:

(A) Trading Hours or a queuing period for a TAS Exchange of Contract for Related Position transaction that is permitted by the rules governing the applicable Contract shall be deemed to include the time periods during which TAS transactions may be executed or TAS Orders may be entered in that Contract (and not any other time periods).

(B) Agreement to an Exchange of Contract for Related Position transaction includes, without limitation, agreement to the quantity and actual price or premium of the Contract leg of the transaction (except in the case of a TAS Exchange of Contract for Related Position transaction that is permitted by the rules governing the applicable Contract, in which case agreement to the transaction includes, without limitation, agreement upon the quantity of the Contract leg of the transaction and whether the price or premium of the Contract leg of the transaction will be the daily settlement price

or an agreed upon differential above or below the daily settlement price).

(ii) Unless otherwise specified in the rules governing the relevant Contract, an Exchange of Contract for Related Position transaction must be fully reported to the Exchange without delay and by no later than thirty minutes after the transaction is agreed upon (“Reporting Deadline”). The Reporting Deadline is measured from the time the transaction is agreed upon to the time that the full report of the transaction is received by the CFE System matching engine.

(iii) An Exchange of Contract for Related Position transaction must be fully reported to the Exchange during the Trading Hours, or a queuing period, for the Contract that comprises the Contract leg of the transaction, when that Contract is not suspended (“Permissible Reporting Period”).

Accordingly, in order to satisfy the requirements of this paragraph (e), the time periods in which an Exchange of Contract for Related Position transaction may occur are limited to those time periods in which:

(i) the transaction is agreed to within a Permissible Agreement Period; and

(ii) the transaction is able to be fully reported to the Exchange within a Permissible Reporting Period by no later than the Reporting Deadline.

Exchange of Contract for Related Position transactions in an expiring Contract on the last trading day for that Contract may not be agreed to or reported to the Exchange after the termination of Trading Hours in the expiring Contract on that trading day.

As an example of the application of the thirty minute Reporting Deadline and the Permissible Reporting Period: An Exchange of Contract for Related Position transaction involving a VX future (other than an expiring VX future on its last trading day) that is agreed upon after 3:30 p.m. and before 4:00 p.m. Monday – Friday (during the extended trading hours for VX futures that end at 4:00 p.m.) must be fully reported to the Exchange by 4:00 p.m. of the calendar day of the transaction, even though this provides less than thirty minutes to fully report the transaction. All times referenced in this example are Chicago time.

(f) Each party to an Exchange of Contract for Related Position transaction shall comply with all applicable Rules of the Exchange other than those which by their terms only apply to trading through the CFE System Order book. Trading Privilege Holders that execute or clear Exchange of Contract for Related Position transactions on behalf of Customers are responsible for ensuring that their Customers that engage in such transactions in Contracts traded on the Exchange are fully informed regarding Exchange requirements relating to Exchange of Contract

for Related Position transactions. Each Contract leg trade that is a component of an Exchange of Contract for Related Position transaction shall be designated as an Exchange of Contract for Related Position in Exchange Market Data and be cleared through the Clearing Corporation as if it were a transaction executed through the CFE System Order book.

(g) Each Trading Privilege Holder that acts as agent for an Exchange of Contract for Related Position shall record the following details with respect to the Contract leg of the Exchange of Contract for Related Position on its order ticket: (i) the Contract (including the expiration); (ii) the number of contracts traded; (iii) the price of execution or premium; (iv) the time of execution (i.e., the time at which the parties agreed to the Exchange of Contract for Related Position); (v) the arrangement time, if any (i.e., the time at which the parties agreed to enter into the transaction at a later time); (vi) the identity of the counterparty; (vii) that the transaction is an Exchange of Contract for Related Position; (viii) the account number of the Customer for which the Exchange of Contract for Related Position was executed; and (ix) the identity, quantity and price or premium of the Related Position (including the expiration, strike price, type of option (put or call) and delta in the case of an option). Every Trading Privilege Holder handling, executing, clearing or carrying Exchange of Contract for Related Position transactions or positions shall identify and mark as such by appropriate symbol or designation all Exchange of Contract for Related Position transactions or positions and all orders, records and memoranda pertaining thereto.

(h) Each Trading Privilege Holder involved in any Exchange of Contract for Related Position transaction shall either maintain records evidencing compliance with the criteria set forth in this Rule 414 or be able to obtain such records from its Customer involved in the Exchange of Contract for Related Position transaction. Such records shall include, without limitation, documentation relating to the Related Position portion of the Exchange of Contract for Related Position transaction, including those documents customarily generated in accordance with Related Position market practices which demonstrate the existence and nature of the Related Position portion of the transaction. Upon request by the Exchange and within the time frame designated by the Exchange, any such Trading Privilege Holder shall produce satisfactory evidence that an Exchange of Contract for Related Position transaction meets the requirements set forth in this Rule 414. Each Clearing Member carrying a Customer account for which an Exchange of Contract for Related Position transaction is executed shall be responsible for obtaining and submitting to the Exchange in a timely and complete manner the records of its Customers regarding the Exchange of Contract for Related Position transaction.

(i) Each Trading Privilege Holder executing an Exchange of Contract for Related Position transaction must have at least one designated individual that is pre-authorized by a Clearing Member to report Exchange of Contract for Related Position transactions on behalf of the Trading Privilege Holder ("Authorized Reporter"). To the extent required by Applicable Law, an Authorized Reporter must be registered or otherwise permitted by the appropriate regulatory body or bodies to act in the capacity of an Authorized Reporter and to conduct related

activities. Only an Authorized Reporter of a Trading Privilege Holder will be allowed to report an Exchange of Contract for Related Position transaction on behalf of that Trading Privilege Holder. A Clearing Member that authorizes an Authorized Reporter to report Exchange of Contract for Related Position transactions on behalf of a Trading Privilege Holder accepts responsibility for all such transactions reported to the Exchange by that Authorized Reporter on behalf of the Trading Privilege Holder. Any designation of an Authorized Reporter or revocation of a previous designation of an Authorized Reporter, including any termination of the guarantee provided for in the preceding sentence, must be made in a form and manner prescribed by the Exchange and shall become effective as soon as the Exchange is able to process the designation or revocation. If a Clearing Member authorizes an Authorized Reporter to report Exchange of Contract for Related Position transactions on behalf of a Trading Privilege Holder, the Clearing Member must also authorize the Authorized Reporter to report Block Trades on behalf of the Trading Privilege Holder pursuant to Rule 415. Both the parties to and Authorized Reporters for an Exchange of Contract for Related Position transaction are obligated to comply with the requirements set forth in Rule 414, and any of these parties or Authorized Reporters may be held responsible by the Exchange for noncompliance with those requirements.

(j) Each party to an Exchange of Contract for Related Position transaction is obligated to have an Authorized Reporter notify the Exchange of the terms of the transaction after the transaction is agreed upon. This notification must be made in accordance with paragraph (l) below within a Permissible Reporting Period by no later than the Reporting Deadline. All Exchange of Contract for Related Position transactions will be submitted for clearing on the Business Day during which the transaction is fully reported to the Exchange.

(k) The notification to the Exchange of an Exchange of Contract for Related Position transaction shall include (i) whether the component of the transaction in the Contract listed on the Exchange is a single leg transaction, a transaction in a spread or transaction in a strip; (ii) the Contract identifier (or product and contract expiration for a future or product, expiration, strike price and type of option (put or call) in the case of an option), price (or premium for an option) and quantity of the relevant Contract leg of the transaction and whether the relevant Contract leg is buy or sell; (iii) the time of execution (i.e., the time at which the parties agreed to the transaction); (iv) the arrangement time, if any (i.e., the time at which the parties agreed to enter into the transaction at a later time); (v) Order Entry Operator ID; (vi) EFID; (vii) account; (viii) Clearing Corporation origin code; (ix) Customer Type Indicator code; (x) the identity, quantity and price or premium of the Related Position (including the expiration, strike price, type of option (put or call) and delta in the case of an option); and (xi) any other information required by the Exchange.

(l) Authorized Reporters shall provide notification to the Exchange of Exchange of Contract for Related Position transactions by reporting them to the CFE System in a form and manner prescribed by the Exchange. The CFE System includes a mechanism, in a form and manner provided by the Exchange, for



Authorized Reporters to enter required information regarding an Exchange of Contract for Related Position transactions as further described below.

(i) If the parties to an Exchange of Contract for Related Position transaction are each utilizing a different Authorized Reporter to notify the Exchange of the terms of the transaction:

(A) The Authorized Reporter that is the initiator of the notification of an Exchange of Contract for Related Position transaction is able to enter information into the CFE System regarding the transaction.

(B) The Authorized Reporter for the contra side of the transaction is able to accept within the CFE System the notification to the Exchange of the transaction as entered by the initiating Authorized Reporter and to enter contra side information for the transaction into the CFE System.

(C) The Authorized Reporter that is the initiator of the notification of the Exchange of Contract for Related Position transaction may not cancel or revise the notification after it has been entered into the CFE System while it awaits acceptance by the Authorized Reporter for the contra side of the transaction.

(D) The Authorized Reporter that is the initiator of the notification of the Exchange of Contract for Related Position transaction must enter the required information for the transaction into the CFE System and provide the reference ID generated by the CFE System to the Authorized Reporter for the contra side of the transaction promptly enough to allow a reasonable amount of time for the contra side Authorized Reporter to accept the notification to the Exchange of the transaction as entered by the initiating Authorized Reporter and enter contra side information for the transaction within a Permissible Reporting Period by no later than the Reporting Deadline.

(ii) If the parties to an Exchange of Contract for Related Position transaction are each utilizing the same Authorized Reporter to notify the Exchange of the terms the Exchange of Contract for Related Position transaction, the Authorized Reporter is able to enter all of the required information regarding both sides of the transaction into the CFE System and to fully report the transaction to the Exchange.

An Exchange of Contract for Related Position transaction may not be changed or canceled after it has been fully reported to the Exchange, except to the extent that the Contract leg(s) of the transaction may be busted by the Trade Desk in accordance with Policy and Procedure III.

(m) For timing purposes in connection with measuring adherence to Permissible Reporting Periods and the Reporting Deadline, an Exchange of Contract for Related Position transaction shall be deemed to have been fully reported to the Exchange when the full report of the transaction has been received by the CFE System matching engine following either:

(i) notification to the CFE System of required information relating to the transaction by the initiating Authorized Reporter and acceptance and notification to the CFE System of required information relating to the transaction by the contra side Authorized Reporter; or

(ii) notification to the CFE System of required information relating to the transaction by a single Authorized Reporter for both parties to the transaction.

(n) The Exchange may modify a Permissible Agreement Period, Reporting Deadline, Permissible Reporting Period, and/or permissible manner of notification to the Exchange of an Exchange of Contract for Related Position transaction in the event of unusual circumstances.

(o) The CFE System will reject the submission of an Exchange of Contract for Related position transaction if the transaction would cause a net long (short) risk control pursuant to Rule 513A(c) to be exceeded for either side of the transaction.

(p) The Exchange or CFE System may reject the submission of an Exchange of Contract for Related position transaction (or bust the Contract leg of an Exchange of Contract for Related Position transaction) that does not conform, or that is reported to the Exchange in a manner that does not conform, to the requirements of this Rule. The acceptance by the Exchange or CFE System of the submission of an Exchange of Contract for Related position transaction does not constitute a determination by the Exchange that the transaction was effected or reported in conformity with the requirements of this Rule. An Exchange of Contract for Related Position transaction that is accepted and not busted or rejected by the Exchange or CFE System shall be processed and given effect, but will be subject to appropriate disciplinary action in accordance with the Rules of the Exchange if it was not effected or reported in conformity with the requirements of this Rule.

(q) It is not permissible to facilitate the execution of an Exchange of Contract for Related Position transaction in an Exchange product on a system or facility accessible to multiple parties that allows for the electronic matching or electronic acceptance of bids and offers. Parties may use communication technologies to bilaterally request Exchange of Contract for Related Position quotes from one or more parties and to conduct privately negotiated Exchange of Contract for Related Position transactions. Parties may also utilize technologies supported by third parties which allow for the electronic posting of indicative Exchange of Contract for Related Position markets displayed to multiple parties. However, Exchange of Contract for Related Position transactions executed between parties based on such electronically displayed indicative markets may be transacted only through direct bilateral communications involving a broker, where applicable, and the parties to

the transaction. To demonstrate that an Exchange of Contract for Related Position transaction based on such technologies was privately negotiated, the broker(s) or parties involved in the transaction must maintain and provide to the Exchange, when requested, documentation or correspondence that clearly evidences direct bilateral communications between the broker(s) and the parties to the transaction. Failure to provide such documentation or communication would render the Exchange of Contract for Related Position transaction in violation of the private negotiation standard of this Rule 414(q).

(r) Any Exchange of Contract for Related Position transaction in violation of the requirements of this Rule shall constitute conduct which is inconsistent with just and equitable principles of trade; provided, however, if the Exchange imposes a minor rule violation fine pursuant to Rule 714 for violation of this Rule, that minor rule violation shall not be considered to constitute conduct which is inconsistent with just and equitable principles of trade.

Amended November 4, 2004 (04-20); January 21, 2005 (05-02); March 11, 2005 (05-09); March 28, 2005 (05-11); September 26, 2006 (06-13); February 23, 2009 (09-03); September 28, 2010 (10-10); April 6, 2011 (11-09); November 4, 2011 (11-23); July 18, 2012 (12-14); October 17, 2012 (12-26); March 26, 2013 (13-12); March 27, 2013 (13-13); May 3, 2013 (13-16); October 28, 2013 (13-33); November 4, 2013 (13-35); May 1, 2014 (14-08); June 23, 2014 (14-11); October 16, 2014 (14-21); December 15, 2014 (14-17); March 11, 2015 (15-004); May 4, 2015 (15-008); May 26, 2016 (16-007); June 13, 2016 (16-011); December 3, 2017 (17-018); February 25, 2018 (17-017); April 25, 2018 (18-005); November 19, 2018 (18-027); July 2, 2019 (19-012); February 4, 2021 (21-003); April 20, 2022 (22-002); July 30, 2023 (23-005); March 7, 2024 (24-005).

#### **415. Block Trades**

(a) If and to the extent permitted by the rules governing the applicable Contract, transactions that satisfy a designated minimum size requirement may be entered into off of the Exchange in that Contract, at prices mutually agreed, provided all of the following conditions are satisfied (such transactions, “Block Trades”):

(i) Each buy or sell order underlying a Block Trade must (A) state explicitly that it is to be, or may be, executed by means of a Block Trade and (B) be for at least such minimum number of contracts as specified in the rules governing the applicable Contract; *provided* that only (x) a commodity trading advisor registered under the CEA, (y) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the CEA and Commission Regulations thereunder and (z) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States of America, in each case with total assets under management exceeding US\$25 million, may satisfy this requirement by aggregating orders for different accounts that are under management or control by such commodity trading advisor, investment adviser, or other Person. Other than as provided in the foregoing sentence, orders for different accounts may not be aggregated to satisfy Block Trade size requirements. For purposes of this Rule, if the Block Trade is executed as a Spread Order (as defined in Rule 404(c)), the total quantity of the transaction and the quantity of each leg of the transaction must meet any

designated minimum sizes applicable to those types of transactions that are set forth in the rules governing the applicable Contract.

(ii) Each party to a Block Trade must qualify as an “eligible contract participant” (as such term is defined in Section 1a(18) of the CEA); *provided* that, if the Block Trade is entered into on behalf of Customers by (A) a commodity trading advisor registered under the Act, (B) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the Act and Commission Regulations thereunder or (C) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States of America, in each case with total assets under management exceeding US\$25 million, then only such commodity trading advisor or investment adviser, as the case may be, but not the individual Customers, need to so qualify.

(iii) Only Trading Privilege Holders can be the executing parties to a Block Trade reported to the Exchange. In order for a party that satisfies the requirements of paragraph (a)(ii) above and is not a Trading Privilege Holder to effectuate a Block Trade, that party must utilize a Trading Privilege Holder eligible to act in an agency capacity for that party to execute the Block Trade on behalf of that party in an agency capacity. A Trading Privilege Holder that acts as a broker for a Customer which satisfies the requirements of paragraph (a)(ii) above may authorize the Customer to directly negotiate Block Trades for which the Trading Privilege Holder is the executing party in its agency capacity as broker for that Customer, provided that the other requirements of this Rule 415 are satisfied.

(b) The price at which a Block Trade is executed must be “fair and reasonable” in light of (i) the size of the Block Trade; (ii) the prices and sizes, at the time of agreement to the Block Trade, of Orders in the Order book for the same Contract, the same contract on other markets and similar or related contracts on the Exchange and other markets, including without limitation the underlying cash and futures markets; (iii) the prices and sizes, at the time of agreement to the Block Trade, of transactions in the same Contract, the same contract on other markets and similar or related contracts on the Exchange and other markets, including without limitation the underlying cash and futures markets; (iv) the circumstances of the parties to the Block Trade; and (v) whether the Block Trade is executed as a Spread Order.

The following guidelines shall apply in determining whether the execution price of a Block Trade that is not executed as a Spread Order is “fair and reasonable.” These guidelines are general and may not be applicable in each instance. Whether the execution price of a Block Trade is “fair and reasonable” depends upon the particular facts and circumstances.

In the event the quantity present in the Order book is greater or equal to the quantity needed to fill an Order of the size of the Block Trade, it would generally be expected

that the Block Trade price would be better than the price present in the Order book. In the event the quantity present in the Order book is less than the quantity needed to fill an Order of the size of the Block Trade, it would generally be expected that the Block Trade price would be relatively close to the price present in the Order book and that the amount of the differential between the two prices would be smaller to the extent that the differential between the quantity present in the Order book and the Block Trade quantity is smaller.

(c) The timing of a Block Trade must satisfy all of the following three requirements:

(i) The agreement to a Block Trade in a Contract may only occur during the Trading Hours, or a queuing period not in connection with a trading halt for that Contract, when that Contract is not halted or suspended (“Permissible Agreement Period”). For purposes of this Rule 415:

(A) Trading Hours or a queuing period for a TAS Block Trade that is permitted by the rules governing the applicable Contract shall be deemed to include the time periods during which TAS transactions may be executed or TAS Orders may be entered in that Contract (and not any other time periods).

(B) Agreement to a Block Trade includes, without limitation, agreement to the quantity and actual price or premium of the Block Trade (except in the case of a TAS Block Trade that is permitted by the rules governing the applicable Contract, in which case agreement to the transaction includes, without limitation, agreement upon the quantity of the Block Trade and whether the price or premium of the Block Trade will be the daily settlement price or an agreed upon differential above or below the daily settlement price).

(ii) Unless otherwise specified in the rules governing the relevant Contract, a Block Trade must be fully reported to the Exchange without delay and by no later than ten minutes after the transaction is agreed upon (“Reporting Deadline”). The Reporting Deadline is measured from the time the transaction is agreed upon to the time that the full report of the transaction is received by the CFE System matching engine.

(iii) A Block Trade in a Contract must be fully reported to the Exchange during the Trading Hours, or a queuing period, for that Contract, when that Contract is not suspended (“Permissible Reporting Period”).

Accordingly, in order to satisfy the requirements of this paragraph (c), the time periods in which a Block Trade may occur are limited to those time periods in which:

(i) the transaction is agreed to within a Permissible Agreement Period; and

(ii) the transaction is able to be fully reported to the Exchange within a Permissible Reporting Period by no later than the Reporting Deadline.

Block Trades in an expiring Contract on the last trading day for that Contract may not be agreed to or reported to the Exchange after the termination of Trading Hours in the expiring Contract on that trading day.

As an example of the application of the ten minute Reporting Deadline and the Permissible Reporting Period: A Block Trade involving a VX future (other than an expiring VX future on its last trading day) that is agreed upon after 3:50 p.m. and before 4:00 p.m. Monday – Friday (during the extended trading hours for VX futures that end at 4:00 p.m.) must be fully reported to the Exchange by 4:00 p.m. of the calendar day of the transaction even though this provides less than ten minutes to fully report the transaction. All times referenced in this example are Chicago time.

(d) Each party to a Block Trade shall comply with all applicable Rules of the Exchange other than those which by their terms only apply to trading through the CFE System Order book. Trading Privilege Holders that execute or clear Block Trades on behalf of Customers are responsible for ensuring that their Customers that engage in Block Trades in Contracts traded on the Exchange are fully informed regarding Exchange requirements relating to Block Trades. Each Block Trade shall be designated as a Block Trade in Exchange Market Data and be cleared through the Clearing Corporation as if it were a transaction executed through the CFE System Order book.

(e) Each Trading Privilege Holder that acts as agent for a Block Trade shall record the following details on its order ticket: (i) the Contract (including the expiration); (ii) the number of contracts traded; (iii) the price of execution or premium; (iv) the time of execution (i.e., the time at which the parties agreed to the Block Trade); (v) the arrangement time, if any (i.e., the time at which the parties agreed to enter into the Block Trade at a later time); (vi) the identity of the counterparty; (vii) that the transaction is a Block Trade; (viii) if applicable, the account number of the Customer for which the Block Trade was executed; and (ix) if applicable, the expiration, strike price and type of option (put or call) in the case of an option.

Every Trading Privilege Holder handling, executing, clearing or carrying Block Trades or positions shall identify and mark as such by appropriate symbol or designation all Block Trades or positions and all orders, records and memoranda pertaining thereto.

Each Trading Privilege Holder involved in any Block Trade shall either maintain records evidencing compliance with the criteria set forth in this Rule 415 or be able to obtain such records from its Customer involved in the Block Trade. Upon

request by the Exchange and within the time frame designated by the Exchange, any such Trading Privilege Holder shall produce satisfactory evidence, including any required order ticket, that the Block Trade meets the requirements set forth in this Rule 415. Each Clearing Member carrying a Customer account for which a Block Trade is executed shall be responsible for obtaining and submitting to the Exchange in a timely and complete manner the records of its Customer regarding the Block Trade.

(f) Each Trading Privilege Holder executing a Block Trade must have at least one designated individual that is pre-authorized by a Clearing Member to report Block Trades on behalf of the Trading Privilege Holder (“Authorized Reporter”). To the extent required by Applicable Law, an Authorized Reporter must be registered or otherwise permitted by the appropriate regulatory body or bodies to act in the capacity of an Authorized Reporter and to conduct related activities. Only an Authorized Reporter of a Trading Privilege Holder will be allowed to report a Block Trade on behalf of that Trading Privilege Holder. A Clearing Member that authorizes an Authorized Reporter to report Block Trades on behalf of a Trading Privilege Holder accepts responsibility for all such transactions reported to the Exchange by that Authorized Reporter on behalf of the Trading Privilege Holder. Any designation of an Authorized Reporter or revocation of a previous designation of an Authorized Reporter, including any termination of the guarantee provided for in the preceding sentence, must be made in a form and manner prescribed by the Exchange and shall become effective as soon as the Exchange is able to process the designation or revocation. If a Clearing Member authorizes an Authorized Reporter to report Block Trades on behalf of a Trading Privilege Holder, the Clearing Member must also authorize the Authorized Reporter to report Exchange of Contract for Related Position transactions on behalf of the Trading Privilege Holder pursuant to Rule 414. Both the parties to and Authorized Reporters for a Block Trade are obligated to comply with the requirements set forth in Rule 415, and any of these parties or Authorized Reporters may be held responsible by the Exchange for noncompliance with those requirements.

(g) Each party to a Block Trade is obligated to have an Authorized Reporter notify the Exchange of the terms of the Block Trade after the transaction is agreed upon. This notification must be made in accordance with paragraph (i) below within a Permissible Reporting Period by no later than the Reporting Deadline. All Block Trades will be submitted for clearing on the Business Day during which the transaction is fully reported to the Exchange.

(h) The notification to the Exchange of a Block Trade shall include (i) whether the Block Trade is a single leg transaction, a transaction in a spread or a transaction in a strip; (ii) the Contract identifier (or product and contract expiration for a future or product, expiration, strike price and type of option (put or call) in the case of an option), price (or premium for an option) and quantity of the Block Trade and whether the Block Trade is buy or sell; (iii) the time of execution (i.e., the time at which the parties agreed to the transaction); (iv) the arrangement time, if any (i.e., the time at which the parties agreed to enter into the transaction at a later time); (v) Order Entry Operator ID; (vi) EFID; (vii) account; (viii) Clearing Corporation

origin code; (ix) Customer Type Indicator code; and (x) any other information required by the Exchange.

(i) Authorized Reporters shall provide notification to the Exchange of Block Trades by reporting them to the CFE System in a form and manner prescribed by the Exchange. The CFE System includes a mechanism, in a form and manner provided by the Exchange, for Authorized Reporters to enter required information regarding a Block Trade as further described below.

(i) If the parties to a Block Trade are each utilizing a different Authorized Reporter to notify the Exchange of the terms of the Block Trade:

(A) The Authorized Reporter that is the initiator of the notification of the Block Trade is able to enter information into the CFE System regarding the transaction.

(B) The Authorized Reporter for the contra side of the Block Trade is able to accept within the CFE System the notification to the Exchange of the transaction as entered by the initiating Authorized Reporter and to enter contra side information for the transaction into the CFE System.

(C) The Authorized Reporter that is the initiator of the notification of the Block Trade may not cancel or revise the notification after it has been entered into the CFE System while it awaits acceptance by the Authorized Reporter for the contra side of the transaction.

(D) The Authorized Reporter that is the initiator of the notification of the Block Trade must enter the required information for the transaction into the CFE System and provide the reference ID generated by the CFE System to the Authorized Reporter for the contra side of the transaction promptly enough to allow a reasonable amount of time for the contra side Authorized Reporter to accept the notification to the Exchange of the transaction as entered by the initiating Authorized Reporter and enter contra side information for the transaction within a Permissible Reporting Period by no later than the Reporting Deadline.

(ii) If the parties to a Block Trade are each utilizing the same Authorized Reporter to notify the Exchange of the terms of the Block Trade, the Authorized Reporter is able to enter all of the required information regarding both sides of the Block Trade into the CFE System and to fully report the Block Trade to the Exchange.

A Block Trade may not be changed or canceled after it has been fully reported to the Exchange, except to the extent that the transaction may be busted by the Trade Desk in accordance with Policy and Procedure III.



(j) For timing purposes in connection with measuring adherence to Permissible Reporting Periods and the Reporting Deadline, a Block Trade shall be deemed to have been fully reported to the Exchange when the full report of the transaction has been received by the CFE System matching engine following either:

(i) notification to the CFE System of required information relating to the transaction by an initiating Authorized Reporter and acceptance and notification to the CFE System of required information relating to the transaction by the contra side Authorized Reporter; or

(ii) notification to the CFE System of required information relating to the transaction by a single Authorized Reporter for both parties to the transaction.

(k) The Exchange may modify a Permissible Agreement Period, Reporting Deadline, Permissible Reporting Period, and/or permissible manner of notification to the Exchange of a Block Trade in the event of unusual circumstances.

(l) The CFE System will reject the submission of a Block Trade if the transaction would cause a net long (short) risk control pursuant to Rule 513A(c) to be exceeded.

(m) The Exchange or CFE System may bust or reject the submission of a Block Trade that does not conform, or that is reported to the Exchange in a manner that does not conform, to the requirements of this Rule. The acceptance by the Exchange or CFE System of the submission of a Block Trade does not constitute a determination by the Exchange that the transaction was effected or reported in conformity with the requirements of this Rule. A Block Trade that is accepted and not busted or rejected by the Exchange or CFE System shall be processed and given effect, but will be subject to appropriate disciplinary action in accordance with the Rules of the Exchange if it was not effected or reported in conformity with the requirements of this Rule.

(n) A Trading Privilege Holder may execute an Order placed for a non-discretionary Customer account by means of a Block Trade only if the Customer has previously consented thereto. This consent may be obtained on either a trade-by-trade basis or for all such Orders.

(o) Block Trades between affiliated parties are permitted only if the following three conditions are satisfied:

(i) the Block Trade is priced on a competitive market price, either by falling within the contemporaneous bid-ask spread on the Order book or calculated based on a contemporaneous market price in a related cash market;

(ii) each party to the Block Trade has a separate and independent legal bona fide business purpose for engaging in the Block Trade; and

(iii) each party's decision to enter into the Block Trade is made by a separate and independent decision-maker.

An affiliated party for this purpose is a party that directly or indirectly through one or more Persons controls, is controlled by or is under common control with another party.

(p) Parties involved in the solicitation or negotiation of a Block Trade may not disclose the details of those communications to any other party for any purpose other than to facilitate the execution of the Block Trade. Parties privy to non-public information regarding a consummated Block Trade may not disclose such information to any other party prior to the public report of the Block Trade by the Exchange. A broker negotiating a Block Trade on behalf of a Customer may disclose the identity of the Customer to potential counterparties, including the counterparty with which the Block Trade is consummated, only with the permission of the Customer.

Parties to a potential Block Trade may engage in pre-hedging or anticipatory hedging of the position that they believe in good faith will result from consummation of the Block Trade, except for an intermediary that takes the opposite side of its own Customer order. In such instances, prior to the consummation of the Block Trade, the intermediary is prohibited from offsetting the position established by the Block Trade in any account which is owned or controlled by the intermediary, in which an ownership interest is held by the intermediary, or which is a proprietary account of the employer of the intermediary. The intermediary may enter into transactions to offset the position only after the Block Trade has been consummated.

The Exchange may proceed with an enforcement action when the facts and circumstances of pre-hedging suggest deceptive or manipulative conduct by any of the involved parties, including when an intermediary handling a customer order acts against its customer's best interests.

The guidance in this paragraph (p) applies only in the context of pre-hedging of Block Trades. This guidance does not affect any requirement under the CEA or Commission Regulation.

Parties solicited to provide a two-sided Block Trade market are not deemed to be in possession of non-public information provided that side of market is not disclosed in the context of the solicitation.

The provisions of this paragraph (p) do not apply to Security Futures.

(q) It shall be a violation of this Rule for a Person to engage in the front running of a Block Trade when acting on material non-public information regarding an impending transaction by another Person, acting on non-public information obtained through a confidential employee/employer relationship, broker/customer relationship or in breach of a pre-existing duty.

(r) It is not permissible to facilitate the execution of a Block Trade in an Exchange product on a system or facility accessible to multiple parties that allows for the electronic matching or electronic acceptance of bids and offers. Parties may use communication technologies to bilaterally request Block Trade quotes from one or more parties and to conduct privately negotiated Block Trades. Parties may also utilize technologies supported by third parties which allow for the electronic posting of indicative Block Trade markets displayed to multiple parties. However, Block Trades executed between parties based on such electronically displayed indicative markets may be transacted only through direct bilateral communications involving a broker, where applicable, and the parties to the Block Trade. To demonstrate that a Block Trade based on such technologies was privately negotiated, the broker(s) or parties involved in the Block Trade must maintain and provide to the Exchange, when requested, documentation or correspondence that clearly evidences direct bilateral communications between the broker(s) and the parties to the Block Trade. Failure to provide such documentation or communication would render the Block Trade in violation of the private negotiation standard of this Rule 415(r).

(s) A Derived Block Trade is a Block Trade in which the trade price and contract quantity of the Block Trade are dependent upon one or more hedging transactions conducted by one of the parties to the Block Trade (“Hedging Party”) that take place after the Block Trade has been consummated between the parties but prior to the submission of the Block Trade to the Exchange. For example, the Hedging Party in a Derived Block Trade may be a dealer, and the counterparty in the Derived Block Trade may be a client of the dealer.

The trade price of a Derived Block Trade is determined by a methodology that is agreed to by the parties to the Derived Block Trade as part of the consummation of the Derived Block Trade which is based on the cost of the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade.

The contract quantity of a Derived Block Trade may vary depending upon the quantity of the hedging transaction(s) relating to the Derived Block Trade that the Hedging Party is able to execute, as further described below.

Derived Block Trades are subject to the requirements of this paragraph (s). Derived Block Trades are also subject to the other requirements that apply to Block Trades, except to the extent that those other requirements are modified by the provisions of this paragraph (s).

(i) Derived Block Trades may only be consummated in Exchange Contracts designated by the Exchange and for which the rules governing the applicable Contract explicitly provide that Derived Block Trades are permitted in that Contract.

(ii) If the rules governing a Contract permit Derived Block Trades to be executed in that Contract, those rules will specify whether

Derived Block Trades in that Contract may be executed as a single leg transaction or as either a single leg transaction or a spread transaction.

(iii) The parties to a Derived Block Trade must agree upon the following items as part of the consummation of a Derived Block Trade:

(A) the execution of the transaction will be consummated as a Derived Block Trade;

(B) the number of contracts to be traded between the parties as part of the Derived Block Trade or the notional value of the Derived Block Trade, which must meet or exceed the Block Trade minimum quantity threshold for the applicable Contract;

(C) the product(s) in which the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade will take place;

(D) the execution methodology for the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade; and

(E) the methodology for calculating the price of the Derived Block Trade, including specification of the amount of any basis, ratio, number, percentage, fraction or other value to be used in that calculation.

(iv) The methodology for calculating the price of a Derived Block Trade must be fair and reasonable at the time it is agreed to by the parties to the Derived Block Trade so that the expected trade price of the Derived Block Trade at that time is consistent with the principles set forth in paragraph (b) above.

(v) The Hedging Party may not execute any hedging transactions relating to a Derived Block Trade until after the parties to the Derived Block Trade have agreed upon the items enumerated in subparagraph (s)(iii) above and consummated the Derived Block Trade.

(vi) Any product(s) in which hedging transaction(s) by the Hedging Party relating to a Derived Block Trade will take place must evidence a reasonable degree of price correlation to the Exchange Contract that is being traded by the parties through the Derived Block Trade.

(vii) The execution methodology for the hedging transaction(s) by the Hedging Party relating to a Derived Block Trade may be a Volume Weighted Average Price ("VWAP"), Time Weighted Average Price ("TWAP"), Percentage of Volume ("POV"), Limit Orders or other execution methodology agreed to by the parties to the Derived Block Trade.

(viii) The methodology for calculating the price of a Derived Block Trade may include:

(A) the addition or subtraction of a basis to or from the cost per contract to be traded as part of the Derived Block Trade of the hedging transactions(s) by the Hedging Party relating to the Derived Block Trade, in which case the methodology for calculating the price of the Derived Block Trade would also include specification of the amount of that basis (which can be expressed as a number or percentage);

(B) the multiplication of a ratio by the price per share or other unit that is derived from the execution methodology of the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade, in which case the methodology for calculating the price of the Derived Block Trade would also include specification of the amount of that ratio (which can be expressed as a number, percentage, or fraction); or

(C) another methodology for calculating the price of the Derived Block Trade agreed to by the parties to the Derived Block Trade which is based on the cost of the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade, in which case the methodology for calculating the price of the Derived Block Trade would also include specification of the amount of any value to be used in that calculation.

(ix) The consummation of a Derived Block Trade and the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade must occur and be reported to the Exchange on the same Exchange Business Day by no later than the end of Trading Hours on that Business Day in the Exchange Contract that is being traded by the parties through the Derived Block Trade (which is the Reporting Deadline for a Derived Block Trade).

(A) The Permissible Agreement Period for a Derived Block Trade is the same as the Permissible Agreement Period for other Block Trades. Agreement to a Derived Block Trade for this purpose includes, without limitation, agreement to the items enumerated in subparagraph (s)(iii) above.

(B) The Permissible Reporting Period for a Derived Block Trade is the same as the Permissible Reporting Period for other Block Trades.

(x) In the event that the Hedging Party is unable to execute the full quantity of hedges necessary to support the originally agreed upon size

of a Derived Block Trade, and the quantity of hedges executed by the Hedging Party relating to the Derived Block Trade corresponds to a contract quantity that meets or exceeds the Block Trade minimum quantity threshold for the applicable Contract:

(A) the Hedging Party must, at a minimum, report the Derived Block Trade to the Exchange at a contract quantity that corresponds to the quantity of hedges that the Hedging Party was able to execute; or

(B) the Hedging Party may, with the consent of the other party to the Derived Block Trade, report the Derived Block Trade to the Exchange at up to the full size originally agreed upon by the parties to the Derived Block Trade.

(xi) In the event that the Hedging Party is unable to execute the full quantity of hedges necessary to support the originally agreed upon size of a Derived Block Trade, and the quantity of hedges executed by the Hedging Party relating to the Derived Block Trade corresponds to a contract quantity that is less than the Block Trade minimum quantity threshold for the applicable Contract:

(A) the Hedging Party may, with the consent of the other party to the Derived Block Trade, report the Derived Block Trade to the Exchange at a contract quantity that is at or in excess of the Block Trade minimum quantity threshold for the applicable Contract; or

(B) the Hedging Party may notify the other party to the Derived Block Trade that no Derived Block Trade was able to be completed and reported to the Exchange due to the lack of sufficient hedges to meet the Block Trade minimum quantity threshold for the applicable Contract.

(xii) Each Derived Block Trade shall be designated as a Derived Block Trade in Exchange Market Data.

(xiii) Each Trading Privilege Holder that acts as agent for a Derived Block Trade shall record on its order ticket the details listed in paragraph (e) above and the additional details listed below in this subparagraph (s)(xiii). Similarly, the notification to the Exchange of a Derived Block Trade shall include the details listed in paragraph (h) above and the following additional details listed below in this subparagraph (s)(xiii):

(A) identification of the transaction as a Derived Block Trade;

(B) the product(s) in which the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade took place;

(C) the start time and end time of the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade;

(D) the execution methodology for the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade (which may be VWAP, TWAP, POV, Limit Orders or a description of any other execution methodology that was utilized); and

(E) the methodology for calculating the price of the Derived Block Trade, including specification of the amount of any basis, ratio, or other value to be used in that calculation. The following is a non-exclusive list of examples of how this information can be reflected on an order ticket and/or in the notification to the Exchange, as applicable.

(1) If the methodology for calculating the price of a Derived Block Trade is to determine the total cost of the hedging transaction(s), divide that cost by the number of contracts traded as part of the Derived Block Trade, and add a basis of \$0.05 to that per contract amount, one way to reflect this information would be to state: Add basis of .05 to per futures contract hedge cost.

(2) If the methodology for calculating the price of a Derived Block Trade is to determine the total cost of the hedging transaction(s), divide that cost by the number of contracts traded as part of the Derived Block Trade, and add a percentage of 2% to that per contract amount, one way to reflect this information would be to state: Add 2% to per futures contract hedge cost.

(3) If the methodology for calculating the price of a Derived Block Trade is to determine the VWAP per share or other unit of the hedging transaction(s) and to multiply that VWAP by a ratio of 1.7, one way to reflect this information would be to state: Multiply hedge VWAP by ratio of 1.7.

(4) If the methodology for calculating the price of a Derived Block Trade is to determine the VWAP per share or other unit of the hedging transaction(s) and to multiply that VWAP by a ratio of 151 divided by 75, one

way to reflect this information would be to state: Multiply hedge VWAP by ratio of 151/75.

(5) If the methodology for calculating the price of a Derived Block Trade is to determine the VWAP per share or other unit of the hedging transaction(s) and to multiply that VWAP by a percentage of 170%, one way to reflect this information would be to state: Multiply hedge VWAP by 170%.

(xiv) The provisions of paragraph (e) above, including without limitation the provisions of that paragraph relating to recordkeeping and the provision of information to the Exchange, shall be applicable to Derived Block Trades. Without limiting the generality of the foregoing, information required to be retained and provided to the Exchange upon request pursuant to paragraph (e) above includes:

(A) transaction information for the hedging transaction(s) by the Hedging Party relating to a Derived Block Trade, such as the product traded, transaction volume, transaction price and transaction time for each hedging transaction and the total cost of the hedging transaction(s);

(B) any records relating to the calculation of the price of the Derived Block Trade; and

(C) a record by the Hedging Party that a Derived Block Trade could not be completed and reported to the Exchange, in a situation in which no Derived Block Trade was able to be completed and reported to the Exchange due to the lack of sufficient hedges to meet the Block Trade minimum quantity threshold for the applicable Contract.

(t) Any Block Trade in violation of the requirements of this Rule shall constitute conduct which is inconsistent with just and equitable principles of trade; provided, however, if the Exchange imposes a minor rule violation fine pursuant to Rule 714 for violation of this Rule, that minor rule violation shall not be considered to constitute conduct which is inconsistent with just and equitable principles of trade.

Amended February 17, 2004 (04-01); March 26, 2004 (04-08); May 13, 2004 (04-12); March 28, 2005 (05-11); July 26, 2005 (05-20); July 31, 2007 (07-08); June 3, 2009 (09-13); March 17, 2010 (10-03); September 28, 2010 (10-10); April 6, 2011 (11-09); November 4, 2011 (11-23); July 18, 2012 (12-14); October 17, 2012 (12-26); March 26, 2013 (13-12); May 3, 2013 (13-16); October 28, 2013 (13-33); November 4, 2013 (13-35); May 1, 2014 (14-08); June 23, 2014 (14-11); December 15, 2014 (14-17); March 11, 2015 (15-004); May 4, 2015 (15-008); June 30, 2015 (15-17); May 29, 2016 (16-007); June 23, 2016 (16-011); February 2, 2017 (17-001); December 3, 2017 (17-018); February 25, 2018 (17-017); April 25, 2018 (18-005); November 19, 2018 (18-027); July 2, 2019 (19-012); February 4, 2021 (21-003); November 26, 2021 (21-029); April 20, 2022 (22-002); July 30, 2023 (23-005); December 11, 2023 (23-019); February 26, 2024 (24-004).



## **Special Circumstances**

### **416. Error Trades**

Any error trades shall be resolved in accordance with the policies and procedures from time to time adopted by the Exchange.

### **417. Regulatory Halts**

(a) Trading in a Single Stock Future shall be halted at all times that a “regulatory halt” (as defined in Commission Regulation § 41.1(1)) has been instituted for the security underlying such Single Stock Future.

(b) Trading in a Narrow-Based Stock Index Future shall be halted at all times that a “regulatory halt” (as defined in Commission Regulation § 41.1(1)) has been instituted for one or more of the securities that constitute 50% or more of the market capitalization of the “narrow-based security index” (as such term is defined in Section 1a(25) of the CEA) underlying such Narrow-Based Stock Index Future.

(c) Trading in any Single Stock Futures contract (including any futures contract on an exchange-traded product) shall be halted whenever trading in the underlying security has been paused by the primary listing market. Trading in such Single Stock Futures contracts may be resumed when the interests of a fair and orderly market are best served by a resumption of trading, which in no circumstances will be before the Exchange has received notification that the underlying security has resumed trading on at least one national securities exchange.

(d) For purposes of this Rule 417, a regulatory halt, as defined in Commission Regulation §41.1(l) shall be effective as of the time the “halt” is instituted by the national securities exchange or national securities association. Accordingly, trades in a Single Stock Future or in a Narrow-Based Stock Index Future made after the time the underlying halt is instituted and before trading has been resumed in the affected Security Future Contract will be subject to cancellation or “bust” by the Exchange.

Adopted July 26, 2005 (05-20). Amended March 22, 2011 (11-05).

### **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 (or for a different time period after a Level 1 or Level 2 Market Decline if specified in the rules governing the relevant Contract). 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.

Specifically, the Exchange may resume trading in a Contract subject to this Rule following a Level 3 Market Decline at the normal opening time for trading in that Contract on the next Business Day in accordance with the normal opening process for that Contract (which is the start of the next trading day in that contract). For example, the normal opening time for trading in Cboe Volatility Index (“VX”) futures on a Business Day is at 5:00 p.m. Chicago time on the prior calendar day (e.g., VX futures have trading hours on a Business Day Tuesday from 5:00 p.m. on Monday to 4:00 p.m. on Tuesday). Accordingly, if a Level 3 Market Decline occurred on a Monday, the Exchange may resume trading in VX futures for Business Day Tuesday at 5:00 p.m. Chicago time on Monday in accordance with the normal opening process for VX futures.

(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 any time after the 15-minute halt period (or different halt period if specified in the rules governing the relevant Contract).

- (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.

Adopted October 17, 2012 (12-26). Amended February 4, 2013 (13-04); November 13, 2014 (14-22); November 2, 2020 (20-029); December 6, 2021 (21-028).

#### **418. Emergencies**

(a) General. If the President, or any individual designated by the President, determines on behalf of the Board that an Emergency exists, the President or such designee, as the case may be, may take or place into immediate effect a temporary Emergency action or rule. Any such action or rule may provide for, or may authorize the Exchange, the Board or any committee thereof to undertake actions necessary or appropriate to respond to the Emergency, including such actions as:

- (i) limiting trading to liquidation only, in whole or in part;
- (ii) extending or shortening, as applicable, the Expiration Date or expiration duration of any Contract;
- (iii) extending the time of delivery, changing delivery points or the means of delivery provided in the rules governing any Contract;
- (iv) imposing or modifying position or price limits or intraday market restrictions with respect to any Contract;
- (v) ordering the liquidation of Contracts, the fixing of a settlement price or any reduction in positions;
- (vi) ordering the transfer of Contracts, and the money, securities, and property securing such Contracts, held on behalf of Customers by any Trading Privilege Holder to one or more other Trading Privilege Holders willing to assume such Contracts or obligated to do so;
- (vii) extending, limiting or changing hours of trading;
- (viii) temporarily changing the Threshold Width, risk control settings or price reasonability ranges for a Contract;
- (ix) suspending, curtailing, halting or delaying the opening of trading in any or all Contracts, or modifying circuit breakers;
- (x) requiring Clearing Members, Trading Privilege Holders or Customers to meet special margin requirements;
- (xi) altering any settlement terms or conditions of a Contract;
- (xii) modifying or suspending any provision of the Rules of the Exchange or the Rules of the Clearing Corporation or;

- (xiii) providing for the carrying out of such actions through the Exchange's agreements with a third-party provider of clearing or regulatory services.

The Exchange has the authority to independently respond to emergencies in an effective and timely manner consistent with the nature of the emergency, as long as all such actions taken by the Exchange are made in good faith to protect the integrity of the markets. Additionally, the Exchange has the authority to respond to emergencies in consultation and cooperation with the Commission and is also authorized to take such market actions as may be directed by the Commission. In situations where a Contract is fungible with a Contract on another platform, emergency action to liquidate or transfer open interest must be as directed, or agreed to, by the Commission or the Commission's staff.

(b) **Physical Emergency.** If the President, or any individual designated by the President, determines on behalf of the Board that the physical functions of the Exchange are, or are threatened to be, severely and adversely affected by a Physical Emergency (such as a fire or other casualty, bomb threats, terrorist acts, substantial inclement weather, power failures, communications breakdowns, computer system breakdowns, screen-based trading system breakdowns or transportation breakdowns), such Person may take any action that he or she may deem necessary or appropriate to respond to such Physical Emergency, including such actions as:

- (i) closing the Exchange;
- (ii) delaying the opening of trading in one or more Contracts; or
- (iii) suspending, curtailing or halting trading in or extending or shortening trading hours for one or more Contracts.

(c) In the event that any Emergency or Physical Emergency action has been taken pursuant to paragraph (a) or (b) above, any Person who is authorized to take such action may order the removal of any restriction previously imposed based upon a determination by such Person that the Emergency or Physical Emergency that gave rise to such restriction no longer exists or has sufficiently abated to permit the functions of the Exchange to continue in an orderly manner. Any Emergency or Physical Emergency action placed into effect in accordance with paragraph (a) or (b) above may be reviewed by the Board at any time and may be revoked, suspended or modified by the Board. Any rule placed into effect in accordance with paragraph (a) above may be revoked, suspended or modified by the Board.

(d) **Notification and Recording.** The Exchange will notify the Commission of: (i) any rule placed into effect pursuant to paragraph (a) above as soon as practicable after the decision is made to implement the rule and (ii) any action taken in response to an Emergency or Physical Emergency pursuant to paragraphs (a) or (b) above as soon as practicable after the action is taken. The Exchange will submit to the Commission any rule placed into effect pursuant to paragraph (a) above, and information on all regulatory actions carried out by the Exchange pursuant to this Rule 418, in accordance with Commission Regulation § 40.6. The decision-making

process with respect to, and the reasons for, any action taken pursuant to this Rule 418 will be recorded in writing.

(e) Conflicts of Interest. The conflict of interest provisions set forth in Rule 214(b) and the related documentation requirements set forth in Rule 214(c) shall apply, with any such modifications or adaptations as may be necessary or appropriate under the circumstances, to the taking of any action under this Rule 418 by the President, or his or her designee.

Amended May 13, 2004 (04-14); May 15, 2008 (08-05); June 18, 2008 (08-06); October 9, 2008 (08-07); January 12, 2009 (09-01); October 17, 2012 (12-26); July 23, 2015 (15-015); February 25, 2018 (17-017); March 13, 2019 (19-003).

## **Limitation of Liability**

### **419. Limitation of Liability; Legal Proceedings**

(a) EXCEPT AS OTHERWISE PROVIDED, AND EXCEPT IN INSTANCES WHERE THERE HAS BEEN A FINDING OF FRAUD OR WANTON OR WILLFUL MISCONDUCT, IN WHICH CASE THE PARTY FOUND TO HAVE ENGAGED IN SUCH CONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE 419, NEITHER THE EXCHANGE (INCLUDING ITS AFFILIATES) NOR ANY OF ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS (“COVERED PERSONS”) SHALL BE LIABLE TO ANY OTHER PERSON, INCLUDING ANY TRADING PRIVILEGE HOLDER, AUTHORIZED TRADER OR CUSTOMER, FOR ANY LOSSES, DAMAGES, COSTS, EXPENSES OR CLAIMS (INCLUDING LOSS OF PROFITS, LOSS OF USE, DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES) (COLLECTIVELY, “LOSSES”), ARISING FROM (A) ANY FAILURE OR MALFUNCTION OF, INCLUDING ANY INABILITY TO ENTER OR CANCEL ORDERS INTO, THE CFE SYSTEM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE CFE SYSTEM, (B) ANY FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY OR TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF THE CFE SYSTEM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE CFE SYSTEM OR (C) ANY ACTION TAKEN OR OMITTED TO BE TAKEN IN RESPECT TO THE BUSINESS OF THE EXCHANGE, EXCEPT, IN EACH CASE, TO THE EXTENT THAT SUCH LOSSES ARE ATTRIBUTABLE TO THE WILLFUL MISCONDUCT, GROSS NEGLIGENCE OR CRIMINAL ACTS OF THE EXCHANGE (INCLUDING ITS AFFILIATES) OR ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS ACTING WITHIN THE SCOPE OF THEIR RESPECTIVE AUTHORITY. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, AND SUBJECT TO THE SAME EXCEPTION, NO COVERED PERSON SHALL HAVE ANY LIABILITY TO

ANY PERSON FOR ANY LOSSES THAT RESULT FROM ANY ERROR, OMISSION OR DELAY IN CALCULATING OR DISSEMINATING ANY CURRENT OR CLOSING VALUE OR ANY REPORTS OF TRANSACTIONS IN OR QUOTATIONS FOR CONTRACTS, INCLUDING UNDERLYING SECURITIES. THE FOREGOING SHALL APPLY REGARDLESS OF WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE. THE LIMITATIONS OF LIABILITY AND DISCLAIMERS SET FORTH IN THIS RULE SHALL BE IN ADDITION TO, AND NOT IN LIMITATION OF, ANY LIMITATIONS OTHERWISE AVAILABLE UNDER APPLICABLE LAW.

THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS PROVIDED BY THE EXCHANGE (INCLUDING ITS AFFILIATES) RELATING TO THE CFE SYSTEM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE CFE SYSTEM, INCLUDING WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE. THE SERVICES OF THE EXCHANGE ARE BEING PROVIDED ON AN "AS IS" BASIS AT EACH TRADING PRIVILEGE HOLDER'S SOLE RISK. NEITHER THE EXCHANGE (INCLUDING ITS AFFILIATES) NOR ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS MAKE ANY WARRANTY WITH RESPECT TO, AND NO SUCH PARTY SHALL HAVE ANY LIABILITY TO ANY TRADING PRIVILEGE HOLDER FOR, THE ACCURACY, TIMELINESS, COMPLETENESS, RELIABILITY, PERFORMANCE OR CONTINUED AVAILABILITY OF THE CFE SYSTEM OR THE EXCHANGE, FOR DELAYS, OMISSIONS OR INTERRUPTIONS THEREIN OR THE CREDITWORTHINESS OF ANY OTHER TRADING PRIVILEGE HOLDER. THE EXCHANGE (INCLUDING ITS AFFILIATES) SHALL HAVE NO DUTY OR OBLIGATION TO VERIFY ANY INFORMATION DISPLAYED ON THE CFE SYSTEM OR OTHERWISE. EACH TRADING PRIVILEGE HOLDER ACKNOWLEDGES AND AGREES THAT THE EXCHANGE (INCLUDING ITS AFFILIATES) DOES NOT AND SHALL NOT SERVE AS THE PRIMARY BASIS FOR ANY DECISIONS MADE BY ANY TRADING PRIVILEGE HOLDER AND THAT THE EXCHANGE (INCLUDING ITS AFFILIATES) IS NOT AN ADVISOR OR FIDUCIARY OF ANY TRADING PRIVILEGE HOLDER.

(b) WHENEVER CUSTODY OF AN UNEXECUTED ORDER OR A MESSAGE OR OTHER DATA IS TRANSMITTED BY A TRADING PRIVILEGE HOLDER TO THE EXCHANGE AND THE EXCHANGE ACKNOWLEDGES RECEIPT OF AND ASSUMES RESPONSIBILITY FOR THE TRANSMISSION OR EXECUTION OF THE ORDER OR THE PROCESSING OF THE MESSAGE OR OTHER DATA, THE EXCHANGE MAY, IN ITS SOLE DISCRETION, COMPENSATE THE TRADING PRIVILEGE HOLDER FOR THE LOSSES OF THE TRADING PRIVILEGE HOLDER ALLEGED TO HAVE RESULTED FROM THE FAILURE TO PROCESS THE ORDER, MESSAGE OR OTHER DATA CORRECTLY DUE TO THE ACTS OR OMISSIONS OF THE EXCHANGE OR DUE TO THE

FAILURE OF ITS SYSTEMS OR FACILITIES (EACH, A “LOSS EVENT”), SUBJECT TO THE FOLLOWING LIMITS:

(i) AS TO ANY ONE OR MORE REQUESTS FOR COMPENSATION MADE BY A SINGLE TRADING PRIVILEGE HOLDER THAT AROSE ON A SINGLE TRADING DAY, THE EXCHANGE MAY COMPENSATE THE TRADING PRIVILEGE HOLDER UP TO BUT NOT EXCEEDING THE LARGER OF \$100,000 OR THE AMOUNT OF ANY RECOVERY OBTAINED BY THE EXCHANGE UNDER ANY APPLICABLE INSURANCE MAINTAINED BY THE EXCHANGE; AND

(ii) AS TO THE AGGREGATE OF ALL REQUESTS FOR COMPENSATION MADE BY ALL TRADING PRIVILEGE HOLDERS THAT AROSE DURING A SINGLE CALENDAR MONTH, THE EXCHANGE MAY COMPENSATE THE TRADING PRIVILEGE HOLDERS, IN THE AGGREGATE, UP TO BUT NOT EXCEEDING THE LARGER OF \$200,000 OR THE AMOUNT OF THE RECOVERY OBTAINED BY THE EXCHANGE UNDER ANY APPLICABLE INSURANCE MAINTAINED BY THE EXCHANGE.

NOTHING IN THIS RULE SHALL OBLIGATE THE EXCHANGE TO SEEK RECOVERY UNDER ANY APPLICABLE INSURANCE POLICY.

(c) NOTICE OF ALL REQUESTS FOR COMPENSATION PURSUANT TO THIS RULE SHALL BE IN WRITING IN A FORM AND MANNER PRESCRIBED BY THE EXCHANGE AND MUST BE SUBMITTED NO LATER THAN 12:00 P.M. CHICAGO TIME ON THE NEXT BUSINESS DAY FOLLOWING THE LOSS EVENT GIVING RISE TO SUCH REQUESTS. ALL REQUESTS SHALL BE IN WRITING AND MUST BE SUBMITTED IN A FORM AND MANNER PRESCRIBED BY THE EXCHANGE ALONG WITH SUPPORTING DOCUMENTATION BY 5:00 P.M. CHICAGO TIME ON THE THIRD BUSINESS DAY FOLLOWING THE LOSS EVENT GIVING RISE TO EACH SUCH REQUEST. THESE SUBMISSION TIME FRAMES SHALL COMMENCE UPON THE LATER OF THE OCCURENCE OF THE LOSS EVENT OR WHEN THE TRADING PRIVILEGE HOLDER SUBMITTING A REQUEST FOR COMPENSATION REASONABLY SHOULD HAVE BEEN AWARE OF THE OCCURENCE OF THE LOSS EVENT AS DETERMINED BY THE EXCHANGE. ADDITIONAL INFORMATION RELATED TO THE REQUEST AS REQUESTED BY THE EXCHANGE IS ALSO REQUIRED TO BE PROVIDED IN A FORM AND MANNER PRESCRIBED BY THE EXCHANGE. THE EXCHANGE SHALL NOT CONSIDER REQUESTS FOR WHICH TIMELY NOTICE AND SUBMISSION HAVE NOT BEEN PROVIDED AS REQUIRED UNDER THIS PARAGRAPH (c).

(d) IF ALL OF THE GRANTED REQUESTS SUBMITTED PURSUANT TO PARAGRAPH (c) ABOVE CANNOT BE FULLY SATISFIED BECAUSE IN THE AGGREGATE THEY EXCEED THE MAXIMUM AMOUNT OF

PAYMENTS AUTHORIZED IN PARAGRAPH (b)(ii) ABOVE FOR A SINGLE CALENDAR MONTH, THEN SUCH MAXIMUM AMOUNT SHALL BE ALLOCATED AMONG ALL SUCH GRANTED REQUESTS ARISING DURING THAT CALENDAR MONTH BASED UPON THE PROPORTION THAT THE AMOUNT OF EACH SUCH GRANTED REQUEST BEARS TO THE SUM OF ALL SUCH GRANTED REQUESTS. EXCEPT AS PROVIDED IN THIS RULE, REQUESTS MADE PURSUANT TO PARAGRAPH (c) ABOVE SHALL CONSTITUTE A TRADING PRIVILEGE HOLDER'S SOLE RECOURSE TO SEEK COMPENSATION FROM COVERED PERSONS RELATING TO A LOSS EVENT. ALL PAYMENTS TO TRADING PRIVILEGE HOLDERS PURSUANT TO THIS RULE WILL BE CONTINGENT UPON THE EXECUTION AND DELIVERY TO THE EXCHANGE OF A RELEASE BY THE TRADING PRIVILEGE HOLDER OF ALL CLAIMS BY IT OR ITS AFFILIATES AGAINST COVERED PERSONS FOR LOSSES THAT ARISE OUT OF, ARE ASSOCIATED WITH OR RELATE IN ANY WAY TO THE LOSS EVENT OR TO ANY ACTIONS OR OMISSIONS RELATED IN ANY WAY TO THE LOSS EVENT. FAILURE TO PROVIDE THE RELEASE WITHIN 14 DAYS OF NOTIFICATION OF THE PAYMENT AMOUNT BY THE EXCHANGE WILL VOID THE TRADING PRIVILEGE HOLDER'S ELIGIBILITY TO RECEIVE A PAYMENT PURSUANT TO THIS RULE, UNLESS THIS 14 DAY TIME PERIOD IS EXTENDED BY THE EXCHANGE AT ITS SOLE DISCRETION.

(e) IN DETERMINING WHETHER TO MAKE PAYMENT OF A REQUEST PURSUANT TO PARAGRAPH (b) ABOVE, THE EXCHANGE MAY DETERMINE WHETHER THE AMOUNT REQUESTED SHOULD BE REDUCED BASED ON THE ACTIONS OR INACTIONS OF THE REQUESTING TRADING PRIVILEGE HOLDER, INCLUDING, WITHOUT LIMITATION, WHETHER THE ACTIONS OR INACTIONS OF THE TRADING PRIVILEGE HOLDER CONTRIBUTED TO THE LOSS EVENT; WHETHER THE TRADING PRIVILEGE HOLDER MADE APPROPRIATE EFFORTS TO MITIGATE ITS LOSS; WHETHER THE TRADING PRIVILEGE HOLDER REALIZED ANY GAINS AS A RESULT OF A LOSS EVENT; WHETHER THE LOSSES OF THE TRADING PRIVILEGE HOLDER, IF ANY, WERE OFFSET BY HEDGES OF POSITIONS EITHER ON THE EXCHANGE OR ON ANOTHER AFFILIATED OR UNAFFILIATED MARKET; AND WHETHER THE TRADING PRIVILEGE HOLDER PROVIDED SUFFICIENT INFORMATION TO DOCUMENT THE REQUEST AND AS REQUESTED BY THE EXCHANGE.

(f) ALL DETERMINATIONS MADE PURSUANT TO THIS RULE BY THE EXCHANGE SHALL BE FINAL AND NOT SUBJECT TO APPEAL UNDER THE RULES OF THE EXCHANGE OR OTHERWISE. NOTHING IN THIS RULE, NOR ANY PAYMENT PURSUANT TO THIS RULE, SHALL IN ANY WAY LIMIT, WAIVE, OR PROSCRIBE ANY DEFENSES A COVERED PERSON MAY HAVE TO ANY CLAIM, DEMAND, LIABILITY, ACTION OR CAUSE OF ACTION, WHETHER SUCH DEFENSE ARISES IN LAW OR



EQUITY, OR WHETHER SUCH DEFENSE IS ASSERTED IN A JUDICIAL, ADMINISTRATIVE, OR OTHER PROCEEDING.

(g) ANY DISPUTE ARISING OUT OF THE USE OF THE CFE SYSTEM OR EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE CFE SYSTEM IN WHICH THE EXCHANGE (INCLUDING ITS AFFILIATES) OR ANY OF ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS IS A PARTY SHALL BE SUBJECT TO THE LAWS OF THE STATE OF ILLINOIS. ANY ACTIONS, SUITS OR PROCEEDINGS AGAINST ANY OF THE ABOVE MUST BE BROUGHT, WITHIN TWO YEARS FROM THE TIME THEY FIRST ARISE, IN A FEDERAL COURT LOCATED IN COOK COUNTY, ILLINOIS, OR IF THE REQUIREMENTS FOR FEDERAL SUBJECT MATTER JURISDICTION ARE NOT MET, IN A STATE COURT LOCATED IN COOK COUNTY, ILLINOIS. THIS PROVISION SHALL IN NO WAY CREATE A CAUSE OF ACTION AND SHALL NOT AUTHORIZE AN ACTION THAT WOULD OTHERWISE BE PROHIBITED BY THE RULES OF THE EXCHANGE.

(h) NO TRADING PRIVILEGE HOLDER OR PERSON ASSOCIATED WITH A TRADING PRIVILEGE HOLDER SHALL INSTITUTE A LAWSUIT OR OTHER LEGAL PROCEEDING AGAINST THE EXCHANGE OR ANY DIRECTOR, COMMITTEE MEMBER, OFFICER, EMPLOYEE, AGENT OR CONTRACTOR OF THE EXCHANGE (INCLUDING ITS AFFILIATES), FOR ACTIONS TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH THE OFFICIAL BUSINESS OF THE EXCHANGE (INCLUDING ITS AFFILIATES). THIS PROVISION SHALL NOT APPLY TO APPEALS OF DISCIPLINARY ACTIONS OR OTHER ACTIONS BY THE EXCHANGE AS PROVIDED FOR IN THESE RULES.

(i) ANY TRADING PRIVILEGE HOLDER OR PERSON ASSOCIATED WITH A TRADING PRIVILEGE HOLDER WHO FAILS TO PREVAIL IN A LAWSUIT OR OTHER LEGAL PROCEEDING INSTITUTED BY SUCH PERSON AGAINST THE EXCHANGE (INCLUDING ITS AFFILIATES) OR ANY OF ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS, AND RELATED TO THE BUSINESS OF THE EXCHANGE, SHALL PAY TO THE EXCHANGE ALL REASONABLE EXPENSES, INCLUDING ATTORNEYS' FEES, INCURRED BY THE EXCHANGE IN THE DEFENSE OF SUCH PROCEEDING TO THE EXTENT THAT SUCH EXPENSES EXCEED FIFTY THOUSAND DOLLARS (\$50,000.00). THIS PROVISION SHALL NOT APPLY TO DISCIPLINARY ACTIONS BY THE EXCHANGE, ADMINISTRATIVE APPEALS OF EXCHANGE ACTIONS OR IN ANY SPECIFIC INSTANCE WHERE THE BOARD HAS GRANTED A WAIVER OF THIS PROVISION.

(j) NO INDEX LICENSOR WITH RESPECT TO ANY INDEX UNDERLYING A CONTRACT TRADED ON THE EXCHANGE AND NO AFFILIATE OF SUCH INDEX LICENSOR MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY

PERSON FROM THE USE OF SUCH INDEX, ANY OPENING, INTRA-DAY OR CLOSING VALUE THEREFOR, OR ANY DATA INCLUDED THEREIN OR RELATING THERETO, IN CONNECTION WITH THE TRADING OF ANY CONTRACT BASED THEREON OR FOR ANY OTHER PURPOSE. THE INDEX LICENSOR AND ITS AFFILIATES SHALL OBTAIN INFORMATION FOR INCLUSION IN, OR FOR USE IN THE CALCULATION OF, SUCH INDEX FROM SOURCES THEY BELIEVE TO BE RELIABLE, BUT THE INDEX LICENSOR AND ITS AFFILIATES DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INDEX, ANY OPENING, INTRA-DAY OR CLOSING VALUE THEREFOR, OR ANY DATA INCLUDED THEREIN OR RELATED THERETO. THE INDEX LICENSOR AND ITS AFFILIATES HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO SUCH INDEX, ANY OPENING, INTRA-DAY, OR CLOSING VALUE THEREFOR, ANY DATA INCLUDED THEREIN OR RELATING THERETO, OR ANY CONTRACT BASED THEREON. THE INDEX LICENSOR AND ITS AFFILIATES SHALL HAVE NO LIABILITY FOR ANY DAMAGES, CLAIMS, LOSSES (INCLUDING ANY INDIRECT OR CONSEQUENTIAL LOSSES), EXPENSES, OR DELAYS, WHETHER DIRECT OR INDIRECT, FORESEEN OR UNFORESEEN, SUFFERED BY ANY PERSON ARISING OUT OF ANY CIRCUMSTANCE OR OCCURRENCE RELATING TO THE PERSON'S USE OF SUCH INDEX, ANY OPENING, INTRA-DAY OR CLOSING VALUE THEREFOR, ANY DATA INCLUDED THEREIN OR RELATING THERETO, OR ANY CONTRACT BASED THEREON, OR ARISING OUT OF ANY ERRORS OR DELAYS IN CALCULATING OR DISSEMINATING SUCH INDEX. FOR PURPOSES OF THIS RULE 419, THE TERM "INDEX LICENSOR" INCLUDES ANY PERSON THAT GRANTS THE EXCHANGE A LICENSE TO USE AN INDEX IN CONNECTION WITH THE TRADING ON THE EXCHANGE OF A CONTRACT BASED ON THE INDEX AND ANY PERSON DESIGNATED BY THE EXCHANGE AS THE SOURCE FOR CALCULATING AND/OR REPORTING THE LEVEL OF AN INDEX UNDERLYING A CONTRACT TRADED ON THE EXCHANGE, AND ALSO INCLUDES, WITH RESPECT TO ANY INDEX OF WHICH THE EXCHANGE OR AN AFFILIATE OF THE EXCHANGE IS THE PROPRIETOR OR FOR WHICH THE EXCHANGE OR AN AFFILIATE OF THE EXCHANGE CALCULATES AND/OR REPORTS LEVELS OF THE INDEX, THE EXCHANGE ITSELF AND ITS AFFILIATES. FOR PURPOSES OF THIS RULE 419, REFERENCES TO THE TERM "INDEX" SHALL ALSO BE DEEMED TO ENCOMPASS AND APPLY TO ANY BENCHMARK OTHER THAN AN INDEX AND TO ANY VALUE OR PRICE OF A COMMODITY.

(k) NOTWITHSTANDING ANY OF THE FOREGOING PROVISIONS, THIS RULE 419 SHALL IN NO WAY LIMIT THE LIABILITY OF ANY PERSON ARISING FROM ANY VIOLATION BY SUCH PERSON OF THE CEA OR THE COMMISSION REGULATIONS THEREUNDER.

## Miscellaneous

### **420. Transfers of Positions**

- (a) Existing trades may be transferred either on the books of a Clearing Member or from one Clearing Member to another Clearing Member to:
  - (i) correct errors in an existing Contract, provided that the original trade documentation confirms the error;
  - (ii) transfer an existing Contract from one account to another where no change in ownership is involved; or
  - (iii) transfer an existing Contract through operation of law from death or bankruptcy.
- (b) Upon written request, the Exchange may, in its sole discretion, allow the transfer of a position:
  - (i) as a result of a merger, asset purchase, consolidation, or similar non-recurring transaction for a Person;
  - (ii) as a result of an Authorized Trader moving from one Trading Privilege Holder organization to another Trading Privilege Holder organization; or
  - (iii) if the President or his designee determines that allowing the transfers would be in the interest of preserving an orderly market, the protection of market participants, or the best interest of the Exchange or is otherwise warranted due to unusual or extenuating circumstance.
- (c) The transfer of positions pursuant to this Rule may be effected at the:
  - (i) original trade prices of the positions that appear on the books of the transferring Clearing Member, in which case the records of the transfer must indicate the original trade dates for the positions;
  - (ii) mark-to-market prices of the positions on the day of the transfer;
  - (iii) mark-to-market prices of the positions on the trading day prior to the transfer; or
  - (iv) the then current market price of the positions.

Each Clearing Member that is a party to a transfer of positions must make and retain records stating the nature of the transaction; the date of the transfer; the transfer prices and the date of those prices (including the “as of date,” if applicable); the name of the counter-party Clearing Member; and any other information required by the Clearing Corporation.

Adopted November 4, 2004 (04-20). Amended April 8, 2008 (08-03); March 20, 2009 (09-10); October 17, 2012 (12-26).

## **CHAPTER 5**

### **OBLIGATIONS OF TRADING PRIVILEGE HOLDERS**

#### **Recordkeeping**

##### **501. Books and Records**

(a) Each Trading Privilege Holder and Clearing Member shall prepare and keep current all books, ledgers and other similar records required to be kept by it pursuant to the CEA, Commission Regulations, the Exchange Act, Exchange Act Regulations, and the Rules of the Exchange, and shall prepare and keep current such other books and records and adopt such forms as the Exchange may from time to time prescribe. Such books and records shall include, without limitation, records of the activity, positions and transactions of each Trading Privilege Holder and Clearing Member in the underlying commodity or reference market and related derivatives markets in relation to a Contract. Such books and records shall be made available to the Exchange upon request in a form and manner prescribed by the Exchange and within the time frame designated by the Exchange.

(b) With respect to each Order, bid, offer or other message transmitted to the CFE System by an Authorized Trader of a Trading Privilege Holder, the Trading Privilege Holder shall keep a record of which Authorized Trader of the Trading Privilege Holder caused that Order, bid, offer or other message to be transmitted to the CFE System.

(c) If a Contract listed on the Exchange is settled by reference to the price of a contract or commodity traded in another venue, including a price or index derived from prices on another designated contract market, Trading Privilege Holders shall make available to the Exchange upon request in a form and manner prescribed by the Exchange and within the time frame designated by the Exchange information and their books and records regarding their activities in the reference market.

Amended February 17, 2004 (04-04); July 26, 2005 (05-20); October 17, 2012 (12-26); February 25, 2018 (17-017).

##### **502. Inspection and Delivery**

Each Trading Privilege Holder and Clearing Member shall keep all books and records required to be kept by it pursuant to the Rules of the Exchange for a period of five years from the date on which they are first prepared, unless otherwise provided in the Rules of the Exchange or required by law. Any such books and records exclusively created and maintained on paper shall be readily accessible during the first two years of that five-year period and any such electronic books and records shall be readily accessible during that entire five-year period. During such five-year period, all such books and records shall be made available for inspection by, and copies thereof shall be delivered to, the Exchange and its authorized representatives upon request in a form and manner prescribed by the Exchange and within the time frame designated by the Exchange and its authorized representatives.

Amended October 17, 2012 (12-26); August 28, 2017 (17-013).

## **Financial Requirements**

### **503. Minimum Financial and Related Reporting Requirements for Registrants**

Each Trading Privilege Holder and Clearing Member that is registered with any self-regulatory association shall comply with the provisions of Applicable Law relating to minimum financial and related reporting and recordkeeping requirements. A copy of any notice or written report that a Trading Privilege Holder or Clearing Member is required to file with the Commission pursuant to Commission Regulation § 1.12 or, if applicable, with the Securities and Exchange Commission pursuant to Exchange Act Regulation § 17a-11 shall be concurrently provided to the Exchange. A Trading Privilege Holder or Clearing Member that violates any of the aforementioned Commission Regulations or Exchange Act Regulations shall be deemed to have violated this Rule 503.

#### **503A. Reporting by Futures Commission Merchants and Introducing Brokers**

- (a) Each Trading Privilege Holder that is a Futures Commission Merchant or Introducing Broker shall, in a form and manner prescribed by the Exchange, concurrently file with the Exchange a copy of all Form 1-FR-FCM, Form 1-FR-IB or FOCUS Report Part II, Part IIA or Part II CSE and Part III submissions (including any attachments or related submissions), as applicable, made by the Trading Privilege Holder.
- (b) Each Trading Privilege Holder that is a Futures Commission Merchant shall, in a form and manner prescribed by the Exchange, concurrently file with the Exchange a copy of any daily Statement of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Commodity Exchanges filed with the Commission pursuant to Commission Regulation § 1.32.
- (c) Each Trading Privilege Holder that is a Futures Commission Merchant shall, in a form and manner prescribed by the Exchange, concurrently file with the Exchange a copy of any daily net capital filings submitted by the Trading Privilege Holder to its Designated Self-Regulatory Organization.
- (d) Each Trading Privilege Holder that is a Futures Commission Merchant and (i) is not Clearing Member or (ii) is a Clearing Member that utilizes another Clearing Member for purposes of clearing Exchange Contracts shall, in a form and manner prescribed by the Exchange, provide a report to the Exchange on a daily basis which sets forth the positions, if any, in Exchange Contracts of the Trading Privilege Holder's customers held by any Clearing Member in the customer range at the Clearing Corporation.
- (e) Each Trading Privilege Holder that is a Futures Commission Merchant shall, in a form and manner prescribed by the Exchange, concurrently file with the Exchange a copy of any notice that is filed with the Commission pursuant to Commission Regulation § 1.23.

Adopted October 17, 2012 (12-26). Amended April 28, 2014 (14-07).

#### **504. Authority of the Exchange to Impose Restrictions**

Whenever a Trading Privilege Holder or Clearing Member is subject to the early warning requirements set forth in Commission Regulation § 1.12 or, if applicable, Exchange Act Regulation § 17a-11, the Exchange may impose such conditions or restrictions on the business and operations of such Trading Privilege Holder or Clearing Member, as the case may be, as the Exchange may deem necessary to protect the best interest of the marketplace, including, without limitation, for the protection of Customers, other Trading Privilege Holders, other Clearing Members or the Exchange. The procedures set forth in Rule 307(a) shall be applicable to any such action.

Adopted October 17, 2012 (12-26).

#### **505. Treatment of Customer Funds and Securities**

Any Trading Privilege Holder or Clearing Member that is required to be registered with any self-regulatory association shall comply with the provisions of Applicable Law relating to the treatment of Customer funds and the maintenance of books and records with respect thereto. A Trading Privilege Holder or Clearing Member that violates any of the aforementioned Commission Regulations or Exchange Act Regulations shall be deemed to have violated this Rule 505.

#### **506. Additional Minimum Financial Requirements**

- (a) In addition to the minimum financial requirements that a Trading Privilege Holder or Clearing Member that is registered with the NFA as a futures commission merchant or introducing broker must satisfy, each Trading Privilege Holder and Clearing Member shall be required to satisfy such minimum financial requirements, and comply with such obligations related thereto, as may be established from time to time by the Exchange.
- (b) Each Trading Privilege Holder and Clearing Member must notify the President, or his or her designee, immediately upon becoming aware that it fails to satisfy the minimum financial requirements applicable to it.
- (c) Unless and until a Trading Privilege Holder or Clearing Member, as the case may be, is able to demonstrate to the Exchange that it is in compliance with the minimum financial requirements applicable to it, such Trading Privilege Holder or Clearing Member may not engage in any transactions subject to the Rules of the Exchange, except for the purpose of closing open positions.

### **Customer Protection**

#### **507. Registration**

- (a) No Trading Privilege Holder or Clearing Member of the Exchange (including any Person that is affiliated with such Trading Privilege Holder or Clearing Member), may solicit or accept from any other Person an Order for the

purchase or sale of a Contract, unless such Trading Privilege Holder or Clearing Member, or its respective affiliated Person, as the case may be, is registered in any required capacity in accordance with Applicable Law.

(b) Any Trading Privilege Holder or Clearing Member that is required to be registered as a futures commission merchant, an introducing broker, a broker or a dealer shall comply with the provisions of Commission Regulations § 155.3, § 155.4 or § 41.42(a) or Exchange Act Regulation § 15c3-3, as applicable.

Amended July 26, 2005 (05-20).

#### **508. Confirmations**

Each Trading Privilege Holder and Clearing Member that enters into a trade on behalf of a Customer shall promptly furnish, or cause to be furnished, to such Customer, no later than the Business Day immediately following the day on which such trade is entered into, a written confirmation of such trade in such form as the Exchange may from time to time prescribe, indicating the Contract bought or sold, the price, quantity, time of execution and such other information as the Exchange may require.

#### **509. Customer Statements**

Each Trading Privilege Holder and Clearing Member that enters into trades on behalf of Customers shall furnish, or cause to be furnished, as soon as practicable after the end of each month, a monthly statement of account to each of its Customers in accordance with applicable Commission Regulations or Exchange Act Regulations.

Amended July 26, 2005 (05-20).

#### **510. Risk Disclosure Statement**

In accordance with applicable requirements of the NFA (in the case of any Trading Privilege Holder or Clearing Member that is registered with the NFA) or the FINRA (in the case of any Trading Privilege Holder or Clearing Member that is registered with the FINRA), each Trading Privilege Holder or Clearing Member, as the case may be, shall provide its Customers with a written disclosure statement in the form approved by the Exchange for purposes of Commission Regulation § 1.55, § 33.7 or § 41.41(b), as applicable, and any other disclosure statement from time to time required by the Exchange.

Amended November 4, 2004 (04-20); July 26, 2005 (05-20); February 23, 2009 (09-03).

#### **511. Fraudulent or Misleading Communications**

No Trading Privilege Holder or Clearing Member shall make any fraudulent or misleading communications relating to the purchase or sale of any Contract.



## **512. Responsibility for Customer Orders**

Trading Privilege Holders and Clearing Members handling Orders for Customers shall exercise due diligence in the handling and execution of such Orders. Failure to act with due diligence shall constitute negligence.

Trading Privilege Holders and Clearing Members are prohibited from directly or indirectly guaranteeing the execution of an Order or any of its terms such as the quantity or price; *provided* that this sentence shall not be construed to prevent a Trading Privilege Holder or Clearing Member from assuming or sharing in any losses resulting from an error or the mishandling of an Order.

No Trading Privilege Holder or Clearing Member shall adjust the price at which an Order was executed, nor shall it be held responsible for executing or failing to execute an Order unless such Trading Privilege Holder or Clearing Member, as the case may be, was negligent or is settling a *bona fide* dispute regarding negligence, or as otherwise permitted by the policies and procedures referred to in Rule 416.

### **512A. Denial of Access**

The Exchange shall post on its website a list of any Persons that are denied access to the Exchange by the Exchange. No Trading Privilege Holder, Related Party or Market Participant shall transmit any Order to the Exchange, either directly or through an intermediary, that is for the account of any such Person denied access to the Exchange..

Adopted October 17, 2012 (12-26); July 2, 2019 (19-012).

## **System Security and Integrity, Risk Controls and Business Continuity and System Specifications and Testing**

### **513. System Security and Integrity**

(a) Each Trading Privilege Holder shall designate in a form and manner prescribed by the Exchange at least one individual that is an employee or agent of the Trading Privilege Holder to be an administrator with respect to the use of the CFE System by the Trading Privilege Holder (including its Authorized Traders). A Trading Privilege Holder shall keep those designations current by (i) promptly notifying the Exchange of changes to the Trading Privilege Holder's administrators and their contact information in a form and manner prescribed by the Exchange; (ii) promptly designating a replacement administrator to the extent necessary in order to continue to have at least one administrator; and (iii) promptly verifying in a frequency, form and manner requested by the Exchange that the Trading Privilege Holder's designated administrators and their contact information remain current. Among other things, each administrator of a Trading Privilege Holder with direct access to the CFE System shall in a form and manner permitted by the Exchange (i) have full control over access to the CFE System by the Trading Privilege Holder (including its Authorized Traders); (ii) maintain access by the Trading Privilege Holder to an internet-based interface component of the CFE System made available to Trading Privilege Holders by the Exchange to manage Orders ("Portal"); (iii)

provision access to the CFE System by Authorized Traders of the Trading Privilege Holder; and (iv) be able to contact the Trade Desk, if necessary, in order to request withdrawal, in a form and manner prescribed by the Exchange, of any and all Orders placed, or purported to be placed, by the Trading Privilege Holder (including its Authorized Traders). The Exchange may provide notices or other communications to an administrator of a Trading Privilege Holder, and any and all notices or other communications sent to the administrator by the Exchange shall be binding on that Trading Privilege Holder.

(b) Each Trading Privilege Holder shall be solely responsible for controlling and monitoring the use of all credentials for interfacing with the CFE System issued to the Trading Privilege Holder by the Exchange (“Credentials”) and shall notify the Exchange promptly upon becoming aware of any unauthorized disclosure or use of the Credentials or access to the Exchange or of any other reason for deactivating Credentials. Each Trading Privilege Holder shall be bound by any actions taken through the use of its Credentials (other than any such actions resulting from the fault or negligence of the Exchange), including the execution of transactions, whether or not such actions were authorized by such Trading Privilege Holder or any of its directors, officers or employees.

(c) The Exchange may limit the number of messages or the amount of data transmitted by Trading Privilege Holders to the CFE System in order to protect the integrity of the CFE System. In addition, the Exchange may impose restrictions on the use of any individual access to the CFE System, including temporary termination of an individual access and activation by the Exchange of the kill switch function under Rule 513A(l), if it believes such restrictions are necessary to ensure the proper performance of the CFE System or to protect the integrity of the market. Any limitations or restrictions under this paragraph (c) shall be applied in a fair and non-discriminatory manner.

(d) Without limiting the generality of the provisions of Rule 513(c), Trading Privilege Holders may utilize test symbols in the CFE System production environment solely for legitimate testing purposes.

Amended February 14, 2011 (11-04); July 20, 2011 (11-18); October 17, 2012 (12-26); February 1, 2013 (13-03); June 1, 2013 (13-21); February 25, 2018 (17-017); April 25, 2018 (18-005); July 10, 2023 (23-002).

### **513A. Risk Controls**

(a) *General Provisions.*

(i) The Exchange shall implement, and make available to Clearing Members and Trading Privilege Holders, risk control mechanisms as described in this Rule 513A in a form and manner prescribed and provided by the Exchange. The provisions of this Rule 513A relating to each risk control mechanism describe whether that risk control mechanism may be utilized for Futures products, Options products or both Futures and Options products.

(ii) Risk control mechanisms may be set by EFID, product and/or match capacity allocation depending upon the applicable risk control. Risk control settings applicable to a product apply to all contract expirations or series, as applicable, in that product (except that TAS Orders and S&P 500 Variance future stub Orders each have separate product level settings that apply only to those Order types).

(iii) The risk control mechanisms made available to Clearing Members shall enable a Clearing Member to set risk control parameters for Trading Privilege Holders in relation to Orders submitted to the CFE System with EFIDs that are linked to a clearing number for that Clearing Member. Clearing Members may also be able to set EFID risk control parameters by groups of EFIDs depending upon the applicable risk control. Additionally, a Clearing Member will have the ability to utilize the risk control mechanisms made available to Trading Privilege Holders in relation to that Clearing Member's own access to the CFE System.

(iv) Risk control thresholds are measured in vega notional for S&P 500 Variance futures and in variance units for S&P 500 Variance future stub positions rather than in contract size.

(b) *Futures and Options Maximum Order Size Limits.*

(i) *Futures and Options Maximum Order Contract Size Limit.*

(A) Clearing Members and Trading Privilege Holders shall have the ability to designate maximum Order contract size limits by EFID and product for Futures and Options products. The most restrictive applicable maximum Order contract size limit that is designated shall apply.

(B) If the quantity of an Order is greater than the applicable designated maximum Order contract size limit, the CFE System will reject the Order or cancel the Order back to the sender.

(C) The quantity of a Spread Order for purposes of applying a Spread Order maximum Order contract size limit shall be the contract quantity of the individual leg of the Spread Order with the largest size.

(D) If a designated maximum Order contract size limit is changed during a Business Day after an Order to which it would have applied has been submitted to the CFE System, the new maximum Order contract size limit will not be applied to that Order during that Business Day. If the Order is a Good-'til-Canceled Order or a Good-'til-Date Order and the Order remains in the Order book after the conclusion of that Business Day, the new maximum Order contract size limit will be applied to that Order prior to the

start of the queuing period described in Rule 405A(a) for the next Business Day.

(E) Block Trades and Exchange of Contract for Related Position transactions shall not be subject to maximum Order contract size limits.

(ii) *Options Maximum Notional Value Order Size Limit.*

(A) Clearing Members and Trading Privilege Holders shall have the ability to designate maximum notional value Order size limits by EFID and product for Options products. The most restrictive applicable maximum notional value Order size limit that is designated shall apply.

(B) The maximum notional value Order size limit provisions under this Rule 513A(b)(ii) shall apply to single leg Orders in Options products and shall not apply to Spread Orders in Options products.

(C) If the notional value of a single leg Options Order is greater than the applicable designated maximum notional value Order size limit, the CFE System will reject the Order or cancel the Order back to the sender.

(D) The notional value of a single leg Limit Order in an Options Contract for purposes of applying a maximum notional value Order size limit is determined by multiplying the contract size of the Order by the limit price of the Order.

(E) The notional value of a single leg Market Order in an Options Contract for purposes of applying a maximum notional value Order size limit is determined by multiplying the contract size of the Order by a derived price for purposes of applying the maximum notional value Order size limit, which is calculated in the following manner.

(1) If the Market Order is a market order to buy, the derived price is determined through the following calculation: (the price of the best opposite side offer in the applicable Options Contract) plus the product of ((the Market Order price reasonability percentage parameter for the applicable Options product under Rule 513A(e)(i)) multiplied by (the price of the best opposite side offer in the applicable Options Contract)).

(2) If the Market Order is a market order to sell, the derived price is determined through the following calculation: (the price of the best opposite side bid in the

applicable Options Contract) minus the product of ((the Market Order price reasonability percentage parameter for the applicable Options product under Rule 513A(e)(i)) multiplied by (the price of the best opposite side bid in the applicable Options Contract)).

(F) A Clearing Member or Trading Privilege Holder may change an existing maximum notional value Order size limit previously designated by the party seeking to change the limit as long as the new limit is not higher than a more restrictive limit set by the other party that is able to set the limit. The party changing the limit may designate whether the change will go into effect immediately or at the beginning of the next Business Day for Orders received by the CFE System subsequent to the effectiveness of the change. The new maximum notional value Order size limit will not be applied to any pending Orders received by the CFE System prior to the effectiveness of the change. If an Order is modified subsequent to the effectiveness of the change, the new maximum notional value Order size limit will be applied to the modified Order.

(G) Block Trades and Exchange of Contract for Related Position transactions shall not be subject to maximum notional value Order size limits.

(c) *Futures 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 for Futures products.

(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.

(vi) When changing a net limit, a Clearing Member may designate whether the change will go into effect immediately or at the beginning of the next Business Day. The new net limit will not be applied to any pending Orders received by the CFE System prior to the effectiveness of the change, except that subsequent executions of those Orders will be counted in connection with determining whether the new net limit would be exceeded by a subsequent Order. If a pending Order is modified subsequent to the effectiveness of a change to a net limit, the new net limit will be applied in relation to the modified Order.

(d) *Futures and Options Limit Order Price Reasonability Checks.*

(i) The Exchange shall designate Limit Order price reasonability percentage parameters by product for Futures and Options products, and those percentages shall be set forth in the rules governing the applicable product. Clearing Members and Trading Privilege Holders shall have the ability to designate Limit Order price reasonability percentage parameters by EFID and product for Futures products. The most restrictive applicable Limit Order price reasonability percentage that is designated shall apply.

(ii) The Limit Order price reasonability checks under this Rule 513A(d) apply to simple Orders in Futures and Options products, other than to simple buy Orders when there is no prevailing offer and to simple sell Orders when there is no prevailing bid. For simple Orders in Futures and Options products, the CFE System shall reject or cancel back to the sender:

(A) any buy Order with a limit price if the limit price upon receipt of the Order by the CFE System is equal to or more

than the applicable designated percentage above the prevailing best offer in the applicable Contract; and

(B) any sell Order with a limit price if the limit price upon receipt of the Order by the CFE System is equal to or more than the applicable designated percentage below the prevailing best bid in the applicable Contract.

(iii) The Limit Order price reasonability checks under this Rule 513A(d) apply to Spread Orders in Options products and do not apply to Spread Orders in Futures products. For Spread Orders in Options products, the CFE System shall reject or cancel back to the sender:

(A) any buy Order with a limit price if the limit price upon receipt of the Order by the CFE System is equal to or more than the applicable designated percentage above the prevailing best offer in the applicable spread as reflected by any pending opposite side Spread Orders and the Implied Spread Offer for that spread; and

(B) any sell Order with a limit price if the limit price upon receipt of the Order by the CFE System is equal to or more than the applicable designated percentage below the prevailing best bid in the applicable spread as reflected by any pending opposite side Spread Orders and the Implied Spread Bid for that spread.

(iv) The Limit Order price reasonability checks under this Rule 513A(d):

(A) apply during Trading Hours;

(B) do not apply prior to the opening or restart of trading in a Contract or during the opening or re-opening process for a Contract pursuant to Rule 405A;

(C) apply to a Stop Limit Order when it is triggered (i.e., when the relevant Contract trades at the specified trigger price as described in Rule 404(a)(iv)) and not when a Stop Limit Order is received by the CFE System;

(D) do not apply to Trade at Settlement Orders; and

(E) do not apply to Block Trades and Exchange of Contract for Related Position transactions.

(e) *Futures and Options Market Order Risk Controls.* The following Market Order risk controls apply in products in which Market Orders may be submitted.

(i) *Futures and Options Market Order Price Reasonability Checks.*

(A) The Exchange shall designate Market Order price reasonability percentage parameters and Threshold Widths by product for Futures and Options products, and those percentages and Threshold Widths shall be set forth in the rules governing the applicable product.

(B) If a Market Order is partially executed at an initial price level, the remaining portion of the Market Order will not execute at a price that is more than the applicable designated percentage above or below that initial price level. The CFE System will reject or cancel back to the sender any remaining portion of the Market Order that would execute at a price that is more than the applicable designated percentage above or below that initial price level.

(C) A Market Order will only execute at price levels that are at or within the applicable Threshold Width. The CFE System will reject or cancel back to the sender any portion of a Market Order that would execute at a price level that is outside of the applicable Threshold Width.

(D) The Market Order price reasonability checks under this Rule 513A(e) will not apply to Trade at Settlement ("TAS") Orders or to Block Trades and Exchange of Contract for Related Position transactions.

(ii) *Market Orders in No-Bid (Offer) Options Series.*

(A) The CFE System will handle Market Orders in no-bid (offer) series in Options products in the manner described below.

(B) If the CFE System receives a sell Market Order in an Options series that is in an open state for trading and in which there is currently no bid or the current best bid has a value of zero:

(1) if the current best offer in the Options series is less than or equal to a designated minimum offer price level applicable to this Options Market Order price reasonability check that is set forth in the rules governing the applicable Options product, the CFE System converts the Market Order to a Limit Order with a limit price equal to the minimum increment for the Options product; and

(2) if the current best offer in the Options series is greater than a designated minimum offer price level applicable to this Options Market Order price reasonability check set forth in the rules governing the applicable Options product, the Market Order is rejected or canceled back to the sender by the CFE System.



(C) If a sell Market Order received in an Options series when it is in an open state for trading partially executes against one or more resting bids resulting in no current bid because the previously existing quantity to buy has been exhausted through execution against the Market Order, the remaining portion of the Market Order is treated for purposes of this Rule 513A(e)(ii) in the same manner as a sell Market Order that is received when an Options series is in an open state for trading and there is no current bid.

(D) If the CFE System receives a buy Market Order in an Options series that is in an open state for trading and in which there is currently no offer or the current best offer has a value of zero, the Market Order is rejected or canceled back to the sender by the CFE System.

(E) This Options Market Order risk control does not apply to Quotes.

(f) *Futures and Options Spread Order Price Reasonability Checks.*

(i) *Futures Spread Order Price Reasonability Check.* A Futures spread will remain in a queuing state prior to being opened for trading, or return to a queuing state after being opened for trading, during any time period in which the width of the prevailing market for any individual leg of the Futures spread exceeds the applicable Threshold Width for the relevant Futures Contract. The CFE System will utilize the opening process set forth in Rule 405A(d)(vii) to open or reopen the Futures spread at such time that there is no longer any individual leg of the Futures spread for which the Threshold Width is exceeded.

(ii) *Options Spread Order Price Reasonability Checks.*

(A) *All Buy Legs Options Spread Order Price Reasonability Check.*

(1) An Options Spread Order is rejected or canceled back to the sender by the CFE System if all of the legs of the Options Spread Order are to buy and the Options Spread Order has:

(aa) a price of zero;

(bb) a net credit price that exceeds a buffer amount designated by the Exchange by spread type and Options product for purposes of this all buy legs Options Spread Order price reasonability check (which may be set at zero or another amount); or

(cc) a net debit price that is less than the number of individual legs in the spread multiplied by the minimum increment for the individual legs of spread trades in the applicable Options product.

(2) The Exchange shall disseminate to Trading Privilege Holders in a form and manner determined by the Exchange the buffer amounts for this price reasonability check.

(B) *Debit/Credit Options Spread Order Price Reasonability Check.*

(1) An Options Spread Order is rejected or canceled back to the sender by the CFE System if the Options Spread Order or an unexecuted portion of an Options Spread Order:

(aa) is for a debit strategy with a net credit price that exceeds a buffer amount designated by the Exchange by spread type and Options product for purposes of this debit strategy Options Spread Order price reasonability check (which may be set at zero or another amount); or

(bb) is for a credit strategy with a net debit price that exceeds a buffer amount designated by the Exchange by spread type and Options product for purposes of this credit strategy Options Spread Order price reasonability check (which may be set at zero or another amount).

(2) The Exchange shall disseminate to Trading Privilege Holders in a form and manner determined by the Exchange the buffer amounts for this debit/credit Options Spread Order price reasonability check.

(3) A spread Order is defined as debit or credit for purposes of this debit/credit Options Spread Order price reasonability check as follows:

(aa) a Call Butterfly Spread for which the middle leg is to sell (buy) and twice the exercise price of that leg is greater than or equal to the sum of the exercise prices of the buy (sell) legs is a debit (credit);

(bb) a Put Butterfly Spread for which the middle leg is to sell (buy) and twice the exercise price

of that leg is less than or equal to the sum of the exercise prices of the buy (sell) legs is a debit (credit); and

(cc) an order for which all pairs and loners are debits (credits) is a debit (credit).

(4) For purposes of this debit/credit Options Spread Order price reasonability check:

(aa) A “pair” is a pair of legs in an Options Spread Order for which both legs are calls or both legs are puts, one leg is a buy and one leg is a sell, and the legs have the same Options expiration date but different exercise prices (i.e., a Vertical Spread), the same exercise price but different Options expiration dates (i.e., a Calendar Spread), or the exercise price for the call (put) with the farther expiration date is lower (higher) than the exercise price for the nearer Options expiration date (i.e., a Diagonal Spread); and

(bb) A “loner” is any leg in an Options Spread Order that the CFE System cannot pair with another leg in the Options Spread Order.

(5) The CFE System applies the following parameters in addressing pairs and loners for purposes of this debit/credit Options Spread Order price reasonability check:

(aa) The CFE System first pairs legs to the extent possible within each Options expiration date, pairing one leg with the leg that has the next highest exercise price.

(bb) The CFE System next pairs legs to the extent possible across Options expiration dates, pairing one call (put) with the call (put) that has the next nearest Options expiration date and the same or next lower (higher) exercise price.

(cc) A pair of calls is a credit (debit) if the exercise price of the buy (sell) leg is higher than the exercise price of the sell (buy) leg (if the pair has the same Options expiration date) or if the Options expiration date of the sell (buy) leg is farther than the Options expiration date of the buy (sell) leg (if the exercise price of the sell (buy) leg is the same as or lower than the exercise price of the buy (sell) leg).

(dd) A pair of puts is a credit (debit) if the exercise price of the sell (buy) leg is higher than the exercise price of the buy (sell) leg (if the pair has the same Options expiration date) or if the Options expiration date of the sell (buy) leg is farther than the Options expiration date of the buy (sell) leg (if the exercise price of the sell (buy) leg is the same as or higher than the exercise price of the buy (sell) leg).

(ee) A loner to buy is a debit, and a loner to sell is a credit.

(6) The CFE System does not apply this debit/credit Options Spread Order price reasonability check to an Options Spread Order that it cannot define as debit or credit or to an Options Spread Order with Options legs which have underlying futures Contracts that do not all have the same futures expiration date.

(C) *Acceptable Price Range Options Spread Order Price Reasonability Check.*

(1) An Options Spread Order is rejected or canceled back to the sender by the CFE System if the Options Spread Order:

(aa) is for a Vertical Spread, a true Butterfly Spread, or a Box Spread; and

(bb) has a limit price that is outside of an acceptable price range.

(2) The acceptable price range for purposes of this acceptable price range Options Spread Order price reasonability check is set by the minimum and maximum possible value of the spread, subject to an additional buffer amount designated by the Exchange by spread type and Options product for purposes of this price reasonability check (which may be set at zero or another amount).

(3) The Exchange shall disseminate to Trading Privilege Holders in a form and manner determined by the Exchange the buffer amounts for this acceptable price range Options Spread Order price reasonability check.

(4) For purposes of this acceptable price range Options Spread Order price reasonability check:

(aa) The maximum possible value of a Vertical Spread is the difference between the exercise prices of the two legs of the Vertical Spread, and the minimum possible value of a Vertical Spread is zero.

(bb) The maximum possible value of a true Butterfly Spread is the difference between the exercise prices of the middle leg and the legs on either side of the true Butterfly Spread, and the minimum possible value of a true Butterfly Spread is zero.

(cc) The maximum possible value of a Box Spread is the difference between the exercise prices of each pair of legs of the Box Spread, and the minimum possible value of a Box Spread is zero.

(g) *Futures Execution Rate Limits.*

(i) Trading Privilege Holders shall have the ability to designate execution rate limits by EFID and Futures product. An execution rate limit is a maximum number of contracts that may be executed per time interval.

(ii) If an execution rate limit designated by a Trading Privilege Holder for an EFID and Futures product is exceeded, the CFE System shall:

(A) cancel all resting Orders for the applicable EFID and Futures product; and

(B) reject or cancel back to the sender any new Orders for the applicable EFID and Futures product until the CFE System receives a reset command from the Trading Privilege Holder.

(iii) Block Trades and Exchange of Contract for Related Position transactions shall not be subject to execution rate limits.

(h) *Futures and Options Order Rate Limits.*

(i) The Exchange may designate Order rate limits for each type of match capacity allocation. The Exchange shall disseminate to Trading Privilege Holders in a form and manner determined by the Exchange any Order rate limits designated by the Exchange. The Exchange may permit Trading Privilege Holders to designate Order rate limits for match capacity allocations that are lower than any Order rate limit designated by the Exchange for that type of match capacity allocation.

(ii) An Order rate limit is a maximum number of Orders or Orders of a particular type that may be received by the CFE System per time interval and may be applicable to Futures and/or Options products.

(iii) If the applicable Order rate limit is exceeded, the CFE System will reject or cancel back to the sender those Orders received by the CFE System during the applicable time interval after the Order rate limit is reached during that time interval.

(iv) A Spread Order will be counted as one Order for purposes of computing the number of Orders received during an Order rate limit time interval.

(v) A Cancel Order is counted for purposes of computing the number of Orders received during an Order rate limit time interval, except that a mass cancel, purge or kill switch request is not counted for these purposes. If a Cancel Order (including a mass cancel, purge or kill switch request) is received by the CFE System during an Order rate limit time interval after the applicable limit is reached, the CFE System will process (and not reject or cancel back) the Cancel Order (subject to the following sentence and to Rule 513A(h)(vii)(B) below). Mass cancel, purge and kill switch requests may be subject to separate Order rate limits pursuant to which the CFE System will reject or cancel back to the sender mass cancel, purge or kill switch requests in excess of the applicable limit that are received by the CFE System during the applicable time interval for that limit.

(vi) A Cancel Replace/Modify Order is counted for purposes of counting the number of Orders received during an Order rate limit time interval. If a Cancel Replace/Modify Order is received by the CFE System during an Order rate limit time interval after the applicable limit is reached, the CFE System will:

(A) reject or cancel back to the sender the replacement Order portion of the Cancel Replace/Modify Order; and

(B) process (and not reject or cancel back) the Cancel Order portion of the Cancel Replace/Modify Order.

(vii) For purposes of Order rate limits as they relate to Quotes:

(A) Each Quote is counted as an Order for purposes of counting the number of Orders received during an Order rate limit time interval.

(B) Except as provided in Rule 513A(h)(vii)(C) below, the CFE System will reject or cancel back to the sender any Bulk Message (including all Quotes contained in the Bulk Message) that

is received by the CFE System during an Order rate limit time interval after the applicable limit is reached.

(C) The CFE System will process (and not reject or cancel back) any Bulk Message (including all Quotes contained in the Bulk Message) that is received during an Order rate limit time interval after the applicable limit is reached if the Bulk Message satisfies the following condition. All of the Quotes contained in the Bulk Message must be Quote submissions to cancel an existing bid or offer established by a previous Quote as described in Rule 404(b)(ii)(H)(1)(aa), Rule 404(b)(ii)(H)(1)(bb) or Rule 404(b)(ii)(H)(2)(aa).

(viii) Block Trades and Exchange of Contract for Related Position transactions shall not be subject to Order rate limits.

(i) *Exchange Designated Limits for Futures and Options.* The Exchange may designate Maximum Order Size Limits for Futures and Options products, Execution Rate Limits for Futures products, and/or Net Long and Net Short Limits for Futures products as described above. If the Exchange does so:

(i) the Exchange shall disseminate those limits to Trading Privilege Holders in a form and manner determined by the Exchange; and

(ii) the most restrictive applicable limit (designated either by the Exchange, a Clearing Member or a Trading Privilege Holder, as applicable for that risk control) shall apply.

(j) *Options Risk Monitor Mechanism.*

(i) Trading Privilege Holders shall have the ability to designate the following Options risk monitor mechanism parameters by EFID and Options product:

(A) number of contracts executed (“volume”);

(B) notional value of executions (“notional”), which the CFE System calculates for purposes of the Options risk monitor mechanism by multiplying the number of contracts executed by the Options Premium to determine the notional value of each Options execution;

(C) number of executions (“count”); and

(D) number of contracts executed as a percentage of number of contracts outstanding within an Exchange-designated time period or during a trading day, as applicable (“percentage”), which the CFE System determines for purposes of the Options risk monitor mechanism by calculating the percentage of outstanding

contracts of each Order that executed on each side of the market during the time period or trading day, as applicable, and then summing the series percentages on each side of the market. The percentage of execution of an Order at any given time is measured in relation to the size of the Order most recently designated by the Trading Privilege Holder that submitted the Order in an initial Order or Quote submission, a Cancel Replace/Modify Order or a replacement Quote (regardless of any changes to the size of the Order due to partial executions of the Order).

(ii) Trading Privilege Holders may establish Options risk monitor mechanism parameters over a time period established by the Trading Privilege Holder (“interval limit”) and on an absolute basis for a trading day (“absolute limit”).

(iii) Clearing Members shall have the ability to designate absolute notional limits by EFID and Options product. In the case of absolute notional limits by EFID and Options product, the most restrictive applicable limit that is designated by a Clearing Member and Trading Privilege Holder shall apply.

(iv) When the CFE System determines that a volume, notional, count, or percentage limit designated by a Trading Privilege Holder or a Clearing Member has been reached within an interval or absolute limit for an EFID and Options product, the CFE System will trigger the Options risk monitor mechanism which cancels all Orders residing in the CFE System for the applicable EFID and Options product and rejects or cancels back to the sender any new Orders for the applicable EFID and Options product until the counting program resets.

(v) If an Options risk monitor mechanism limit is reached during the opening or re-opening process for a Contract pursuant to Rule 405A, the Options risk monitor mechanism will not be triggered until the opening or re-opening process for that Contract is completed.

(vi) The CFE System will execute any marketable Orders that are executable against a Trading Privilege Holder’s Order received prior to the time that the Options risk monitor mechanism limit is triggered up to the size of the Trading Privilege Holder’s Order, even if those executions result in executions in excess of the applicable Options risk monitor mechanism parameters.

(vii) The CFE System will not accept new Orders from a Trading Privilege Holder after a volume, notional, count, or percentage limit designated by a Trading Privilege Holder has been reached within an interval or absolute limit for an EFID and Options product. This block on the acceptance of new Orders shall remain in place until the earlier of the end of the Business Day on which the block is activated or when the Trading Privilege Holder submits an electronic instruction to the CFE System to



reset the count for the applicable limit in a form and manner prescribed by the Exchange.

(viii) The CFE System will not accept new Orders from a Trading Privilege Holder after an absolute notional count limit designated by a Clearing Member has been reached for an EFID and Options product. This block on the acceptance of new Orders shall remain in place until the earlier of the end of the Business Day on which the block is activated or until the Trade Desk resets the count for the applicable limit after receiving a request from the Clearing Member to do so.

(ix) The Exchange may limit the number of Options risk monitor mechanism resets submitted to the CFE System by a Trading Privilege Holder or Clearing Member over a designated period of time. The Exchange shall disseminate to Trading Privilege Holders and Clearing Members in a form and manner determined by the Exchange any limitation on the submission of Options risk monitor mechanism resets.

(x) The CFE System will reset the counting period for an absolute limit designated by a Trading Privilege Holder or Clearing Member when the Trading Privilege Holder or Clearing Member that set the absolute limit refreshes its threshold for the absolute limit.

(xi) The CFE System will reset the counting program and commence a new interval time period when:

(A) a previous interval time period has expired and a transaction occurs in any series of the applicable Options product;  
or

(B) a Trading Privilege Holder refreshes its risk limit threshold for an interval limit prior to the expiration of the interval time period.

(xii) The CFE System counts individual trades executed as part of a Spread Order when determining whether a volume, notional, or count limit has been reached. The CFE System counts the percentage executed of a Spread Order when determining whether the percentage limit has been reached.

(k) *Reserved.*

(l) *Kill Switch.*

(i) The Exchange, Clearing Members and Trading Privilege Holders shall have the ability to activate a kill switch by EFID for Futures and Options products. The party activating a kill switch shall have the ability to designate whether the kill switch is applicable to all products, to all Futures products or to all Options products.

(ii) If a kill switch is activated, the CFE System will cancel all Orders residing in the CFE System for the applicable EFID for all products, all Futures products or all Options products, as designated by the party activating the kill switch.

(iii) At the option of the party activating a kill switch, that party may choose to have the activation of the kill switch also cause the CFE System to reject or cancel back to the sender any new Orders for the applicable EFID for all products, all Futures products or all Options products, as designated by the party activating the kill switch. These blocks on the submission of Orders shall remain in place until the earlier of the end of the Business Day on which the kill switch is activated or when the party that activated the kill switch resets the kill switch in a form and manner prescribed by the Exchange.

(iv) Block Trades and Exchange of Contract for Related Position transactions for an EFID in products covered by a kill switch activation will not be accepted by the CFE System if a kill switch has been activated and remains in effect for that EFID which blocks the submission of Orders for that EFID in those products.

(v) A Trading Privilege Holder shall also have the ability to utilize:

(A) a mass cancel request to cancel all or a subset of pending Orders submitted through a match capacity allocation, and at the option of the Trading Privilege Holder submitting the mass cancel request, to cause the CFE System to reject or cancel back to the sender all or a subset of new Orders submitted through that match capacity allocation until a reset request is received by the CFE System;

(B) a purge request to cancel all or a subset of pending Orders submitted through multiple match capacity allocations, and at the option of the Trading Privilege Holder submitting the purge request, to cause the CFE System to reject or cancel back to the sender all or a subset of new Orders until a reset request is received by the CFE System; and

(C) the Portal to cancel a subset of pending Orders.

(m) *Disconnection Risk Controls.*

(i) *General.*

(A) Trading Privilege Holders shall have the ability to enable disconnection risk controls by match capacity allocation.

(B) Disconnection risk controls apply to both Futures and Options products.

(C) Block Trades and Exchange of Contract for Related Position transactions shall not be subject to disconnection risk controls.

(ii) *Cancel on Match Capacity Allocation Disconnect.*

(A) A Trading Privilege Holder may enable cancel on disconnect functionality for an order match capacity allocation and may choose to have that functionality apply to:

(1) Day Orders; or

(2) all Orders.

(B) Cancel on disconnect functionality is enabled for each quoting match capacity allocation. A Trading Privilege Holder may choose to have that functionality apply to:

(1) Day Orders; or

(2) all Orders.

(C) For purposes of cancel on disconnect functionality, a disconnection from a match capacity allocation includes a disconnection that occurs for any reason (including as the result of the submission of a logout message) or if at any time the CFE System does not receive any inbound message traffic or a heartbeat message through the match capacity allocation for a specified time interval as prescribed by the Exchange.

(D) When cancel on disconnect functionality is enabled for a match capacity allocation:

(1) If there is a disconnection from that match capacity allocation,

(2) the CFE System cancels all applicable Orders that are residing in the CFE System

(3) which were submitted through that match capacity allocation

(4) for any product is not in a suspended state.

(iii) *Cancel on Matching Engine Disconnect.*

(A) A Trading Privilege Holder may enable cancel on matching engine disconnect functionality for an order match capacity allocation and may choose to have that functionality apply to:

- (1) Day Orders; or
- (2) all Orders.

(B) Cancel on matching engine disconnect functionality is enabled for each quoting match capacity allocation. A Trading Privilege Holder may choose to have that functionality apply to:

- (1) Day Orders; or
- (2) all Orders.

(C) When cancel on matching engine disconnect is enabled by a Trading Privilege Holder for a match capacity allocation:

- (1) If there is loss of connectivity between that match capacity allocation and the CFE System matching engine,
- (2) the CFE System cancels all applicable Orders residing in the CFE System
- (3) that were submitted through that match capacity allocation
- (4) for any product that is not in a suspended state.

(D) When cancel on matching engine disconnect is not enabled by a Trading Privilege Holder for a match capacity allocation:

- (1) If there is loss of connectivity between that match capacity allocation and the CFE System matching engine
- (2) for a specified time interval as prescribed by the Exchange,
- (3) the CFE System cancels all Orders residing in the CFE System
- (4) that were submitted through that match capacity allocation

(5) for any product that is not in a suspended state.

(iv) *Cancel on Drop Disconnect.*

(A) Trading Privilege Holders shall have the ability to utilize execution drop ports and to enable cancel on drop disconnect functionality with respect to order match capacity allocations and quoting match capacity allocations that are associated with those drop ports.

(B) An execution drop port is a logical port used to receive drop copies of execution report messages relating to the execution of Orders.

(C) If cancel on drop disconnect is enabled by a Trading Privilege Holder for match capacity allocation, cancel on drop disconnect functionality will be triggered if all of the drop ports associated with that match capacity allocation become disconnected from the CFE System.

(D) A drop port will be treated as having become disconnected from the CFE System if the CFE System does not receive a heartbeat message through the drop port for a specified time interval configurable by the Trading Privilege Holder.

(E) If cancel on drop disconnect functionality is triggered for match capacity allocation, the CFE System will reject or cancel back to the sender any new Orders submitted through the match capacity allocation. This block on the submission of Orders shall remain in place until the CFE System receives heartbeat messages through a drop port associated with the match capacity allocation in accordance with the time interval configured by the Trading Privilege Holder.

(F) At the option of a Trading Privilege Holder activating cancel on drop disconnect functionality:

(1) If cancel on drop disconnect functionality is triggered for a match capacity allocation,

(2) the CFE System will also cancel

(3) all Day Orders or all Orders, as designated by the Trading Privilege Holder

(4) residing in the CFE System

(5) that were submitted through that match capacity allocation

(6) for any product that is not in a suspended state.

(G) Cancel on drop disconnect functionality is not applicable with respect to order drop ports used to receive drop copies of Order messages.

(n) *Cancel on Reject Functionality.*

(i) Trading Privilege Holders shall have the ability to enable cancel on reject functionality by order match capacity allocation and by quoting match capacity allocation with respect to single Orders.

(ii) Cancel on reject functionality is enabled for each quoting match capacity allocation with respect to Quotes.

(iii) Cancel on reject functionality applies to both Futures and Options products.

(iv) If cancel on reject functionality is enabled for a match capacity allocation for single Orders:

(A) the CFE System will cancel a resting single Order

(B) if the CFE System rejects or cancels back to the sender

(C) a Cancel Order or Cancel Replace/Modify Order submitted through that match capacity allocation

(D) to cancel and/or modify the resting single Order.

(v) Cancel on reject functionality will cancel an existing bid or offer established by a previous Quote submitted through a quoting match capacity allocation if

(A) the CFE System rejects or cancels back to the sender

(B) a replacement Quote submitted through that quoting match capacity allocation

(C) to cancel and/or modify the existing bid or offer and

(D) the CFE System does not reject or cancel back to the sender the Bulk Message which contains that replacement Quote.

(o) *Clearing Member Requirement.* Clearing Members are required to obtain access to and utilize the risk control mechanisms that the Exchange makes available for use by Clearing Members. For each risk control mechanism made available to Clearing Members, the CFE System will in a form and manner prescribed and provided by the Exchange automatically treat any combination of product and EFID that does not have a risk control threshold set by the applicable Clearing Member as being set to a threshold level of zero. Clearing Members may comply with the requirement under this Rule 513A(o) by obtaining access to the risk control mechanisms made available to Clearing Members and either (i) setting the risk controls or (ii) relying upon the automated settings described in the preceding sentence.

Adopted October 17, 2012 (12-26). Amended June 1, 2013 (13-21); October 28, 2013 (13-32); April 4, 2014 (14-06); May 1, 2014 (14-08); December 15, 2014 (14-17); January 12, 2015 (14-012); May 24, 2015 (15-12); March 4, 2016 (16-02); February 25, 2018 (17-017). May 1, 2019 (19-008); May 4, 2020 (20-002); May 4, 2020 (20-008); August 10, 2020 (20-018); May 24, 2021 (21-013); June 6, 2021 (21-007); July 10, 2023 (23-002); July 10, 2023 (23-007).

### **513B. Business Continuity Preparations**

(a) Trading Privilege Holders shall take appropriate actions as instructed by the Exchange to accommodate the Exchange's business continuity-disaster recovery plans and shall connect to the Exchange's disaster recovery systems and participate in Exchange and industry business continuity-disaster recovery testing as and to the extent required by the Exchange.

(b) The Exchange may apply the requirements of Rule 513B to one or more categories of Trading Privilege Holders designated by the Exchange based on objective criteria or to all Trading Privilege Holders.

(c) Objective criteria that may be utilized by the Exchange in applying the requirements of Rule 513B to one or more categories of Trading Privilege Holders may include, but is not limited to, criteria related to any one or more of the following:

(i) the percentage of proprietary, customer or overall trading volume attributable to a Trading Privilege Holder in an Exchange product measured over a time period designated by the Exchange;

(ii) the appointment of a Trading Privilege Holder as a designated primary market maker, lead market maker or market maker in an Exchange product; or

(iii) the trading capacity of a Trading Privilege Holder.

(d) In applying the requirements of Rule 513B, the Exchange shall provide prior notice to each Trading Privilege Holder to which the requirements of Rule 513B are applied.

- (e) All Trading Privilege Holders are permitted to connect to the Exchange's disaster recovery systems and to participate in Exchange and industry business continuity-disaster recovery testing that the Exchange facilitates for Trading Privilege Holders.

Adopted October 17, 2012 (12-26). Amended April 8, 2021 (21-012)

### **513C. Technical and Systems Specifications and Systems Testing Requirements**

- (a) The Exchange may from time to time (i) prescribe technical and systems specifications applicable to Trading Privilege Holders regarding the establishment and maintenance of a direct connection to the CFE System and the use of CFE System functionality and (ii) require that Trading Privilege Holders be capable of utilizing specified CFE System functionality. Trading Privilege Holders shall comply with any such specifications and requirements, as instructed by the Exchange.
- (b) The Exchange may from time to time prescribe systems testing requirements applicable to Trading Privilege Holders relating to connectivity to the CFE System and utilization of CFE System functionality. Trading Privilege Holders shall comply with any such systems testing requirements, as instructed by the Exchange. Trading Privilege Holders shall maintain adequate documentation of tests required by this Rule and the results of the testing and shall provide to the Exchange reports relating to the testing as the Exchange may prescribe.

Adopted November 24, 2014 (14-26); February 25, 2018 (17-017).

## **Market Making**

### **514. Market Maker Programs**

The Exchange may from time to time adopt one or more programs under which one or more Trading Privilege Holders may be designated as market makers (including as Lead Market Makers) with respect to one or more Contracts, and may be granted certain benefits in return for assuming obligations in order to provide liquidity and orderliness in the market or markets for such Contract or Contracts. Any such program may provide for any or all of the following:

- (a) qualifications, including any minimum net capital requirements, that any such market maker must satisfy;
- (b) the procedure by which Trading Privilege Holders may seek and receive designation as market makers;
- (c) the obligations of such market makers, including any applicable minimum bid and offer commitments; and



(d) the benefits accruing to such market makers, including priority in the execution of transactions effected by Trading Privilege Holders in their capacity as market makers, reduced transaction fees or the receipt of compensatory payments from the Exchange.

### **515. DPMs**

(a) Without limiting the generality of Rule 514, the Exchange may from time to time approve such number of Trading Privilege Holders as DPMs, and allocate to such DPMs such number and types of Contracts, as it may deem necessary or appropriate. Any and all such approvals or allocations may be reviewed, conditioned or terminated at any time in accordance with this Rule 515.

(b) A Trading Privilege Holder desiring to be approved as a DPM shall file an application with the Exchange in such form as the Exchange may from time to time prescribe. DPMs shall be selected by the Exchange from among the applications from time to time on file with the Exchange, based on the Exchange's judgment as to which applicant or applicants is or are most qualified to perform the functions of a DPM. Factors to be considered in making such selection may include, but are not limited to, any one or more of the following:

(i) the adequacy of each applicant's capital;

(ii) each applicant's operational capacity;

(iii) the trading experience of, and observance of generally accepted standards of conduct by, each applicant and its Related Parties, in particular the individual or individuals who would represent such applicant in its capacity as a DPM (each, a "DPM Designee");

(iv) the number and experience of support personnel of each applicant who will be performing functions related to its DPM business;

(v) if applicable, the regulatory history of, and history of adherence to the Rules of the Exchange, rules of other self-regulatory organizations and Applicable Law by, each applicant and its Related Parties, in particular its DPM Designees;

(vi) the willingness and ability of each applicant to promote the Exchange as the marketplace of choice;

(vii) the market performance commitments of each applicant;

(viii) if applicable, any performance evaluations conducted pursuant to the Rules of the Exchange or rules of other self-regulatory organizations; and

(ix) in the event that one or more Related Parties of any applicant are or were at any time Related Parties of any other DPM, adherence by

such other DPM to the requirements set forth in the Rules of the Exchange regarding responsibilities and obligations of DPMs during the time period while such Related Party or Related Parties held such position or positions with such other DPM.

(c) The Exchange may allocate Contracts to DPMs approved in accordance with paragraph (b) above. In determining allocations of Contracts to DPMs, the Exchange may: (i) consider any relevant information, including but not limited to performance, volume, capacity, market performance commitments, operational factors, efficiency, competitiveness and recommendations of committees of the Board or of the Exchange and (ii) allocate any Contract to more than one DPM in a manner prescribed by the Exchange. The Exchange shall not initially allocate a Contract to a DPM unless the DPM requests or consents to the allocation. The Exchange may allocate a Contract to a DPM approved in accordance with paragraph (b) above with or without (i) requiring or receiving an application for the allocation from the DPM or (ii) soliciting interest from DPMs and prospective DPMs in being allocated the applicable Contract.

(d) In approving a Trading Privilege Holder as a DPM and in allocating a Contract to a DPM, the Exchange may place one or more conditions or limitations on the approval or allocation, as applicable, including but not limited to:

(i) conditions concerning the capital, operations or personnel of the DPM and the number or types of Contracts which may be allocated to the DPM; and

(ii) limitations regarding the time period for the Trading Privilege Holder is approved as a DPM or allocated a Contract as a DPM.

(e) In the event that the Exchange approves a Trading Privilege Holder as a DPM or allocates a Contract to a DPM for a limited period of time in accordance with paragraph (d)(ii) above, the Exchange may from time to time, in its sole discretion, extend the time period of the DPM approval or Contract allocation for a specified additional period of time upon written notice to the DPM. The Exchange may extend the time period of a DPM approval or Contract allocation pursuant to this paragraph (e) with or without (i) requiring or receiving an application or request to do so from the DPM or (ii) soliciting interest from Trading Privilege Holders in being approved as a DPM or from DPMs and prospective DPMs in being allocated the applicable Contract.

(f) A DPM may resign as a DPM or relinquish a Contract allocation at any time upon at least 45 days prior written notice to the Exchange. A DPM resignation or Contract allocation relinquishment shall not become effective until the foregoing notice period has expired, unless the Exchange determines in its sole discretion to allow the resignation or relinquishment to become effective at an earlier time. A DPM shall notify the Exchange immediately in the event that the DPM is unable for whatever reason to fulfill its obligations as a DPM at any time.

(g) Each Trading Privilege Holder approved as a DPM and each DPM allocated a Contract shall retain that status or allocation until (x) it resigns as a DPM or relinquishes the Contract allocation and its resignation or relinquishment becomes effective, (y) the Exchange suspends or terminates such the Trading Privilege Holder's DPM status or Contract allocation or (z) if applicable, the time period referred to in paragraph (d)(ii) above expires. In any of the foregoing circumstances, the Exchange shall have discretion to do one or both of the following:

(i) approve an interim DPM, pending the final approval of a new DPM pursuant to the regular procedures for DPM approval; and

(ii) allocate on an interim basis to one or more other DPMs the Contracts that were allocated to the DPM that is affected by such circumstances, pending a final allocation of such Contracts pursuant to paragraph (c) above.

Neither an interim approval nor an allocation made pursuant to this paragraph (g) shall constitute a prejudgment with respect to the final approval or allocation.

(h) No DPM may sell, transfer or assign any of its rights or obligations as a DPM (including but not limited to its allocation of any Contracts by virtue of its status as a DPM) without the prior written approval of such sale, transfer or assignment (including but not limited to the approval of the Person to which such rights, obligations or allocation are intended to be sold, transferred or assigned) by the Exchange. Any purported sale, transfer or assignment in violation of the foregoing sentence shall be void from the outset. For purposes of this paragraph (h), the following transactions shall be deemed to constitute a transfer of a DPM's rights or obligations:

(i) any change in, or transfer of, Control of a DPM; and

(ii) any merger, sale of assets or other business combination or reorganization involving a DPM.

(i) The Exchange may from time to time evaluate a DPM's performance with respect to, among other things, one or more of the following: quality of markets, market share (taking into account all contracts similar to the relevant Contract or Contracts), administrative factors and observance of ethical standards. In this connection, the Exchange may consider any relevant information, including but not limited to market share and trading data, a DPM's regulatory history and such other factors and data as may be pertinent under the circumstances.

(j) The Exchange may terminate, place conditions upon or otherwise limit a Trading Privilege Holder's approval to act as a DPM or a DPM's allocation of Contracts, under any one or more of the following circumstances:

(i) if the Exchange finds in connection with an evaluation under paragraph (i) above that such Trading Privilege Holder's performance as a DPM has been unsatisfactory;

(ii) if such Trading Privilege Holder becomes subject to a material financial, operational or personnel change;

(iii) if such Trading Privilege Holder fails to (A) comply with any conditions previously placed upon its approval as a DPM or its allocation of Contracts or (B) perform its obligations under paragraph (l) below; or

(iv) if for any reason such Trading Privilege Holder is no longer eligible for approval as a DPM or to be allocated a particular number or type of Contracts.

(k) Each applicant for approval as a DPM pursuant to paragraph (b) above shall be given an opportunity to present any matter which it wishes the Exchange to consider in conjunction with the application. Prior to taking any remedial action against a DPM pursuant to paragraph (j) above, such DPM shall be given notice thereof and an opportunity to present any matter which it wishes the Exchange to consider in determining whether to take such action. The Exchange may require that any presentation under this paragraph (k) be made partially or entirely in writing, and may require the submission of additional information from any Person wishing to make a presentation under this paragraph (k). Formal rules of evidence shall not apply to any proceeding involving such a presentation. Notwithstanding the foregoing, the Exchange shall have the authority to immediately terminate, condition or otherwise limit a Trading Privilege Holder's approval to act as a DPM of a DPM's allocation of Contracts in accordance with subparagraph (j)(ii) above, without prior notice or opportunity to make a presentation under this paragraph (k), if the financial, operational or personnel change in question warrants such action.

(l) DPMs shall have such rights and obligations as the Exchange may specify in connection with their approval or prescribe from time to time in other rules, in policies and procedures or in its fee schedule.

(m) The Exchange may at any time in its sole discretion de-list a Contract allocated to a DPM or provide for trading in a Contract allocated to a DPM to be conducted without a DPM, in which case the allocation of the Contract to the DPM shall automatically terminate.

Amended May 13, 2004 (04-11); July 26, 2005 (05-20); February 14, 2011 (11-04); February 25, 2018 (17-017).

## Margin

### **516. Customer Margin Requirements for Contracts other than Security Futures**

(a) *Scope of Rule.* This Rule 516 shall apply to positions resulting from transactions in Contracts other than Security Futures, traded on the Exchange or subject to the Rules of the Exchange, to the extent that such positions are held by Clearing Members and, if applicable, Trading Privilege Holders on behalf of Customers in futures accounts (as such term is defined in Commission Regulation § 1.3(vv) and Exchange Act Regulation 15c3-3(a)). No Clearing Member or, if applicable, Trading Privilege Holder may effect a transaction or carry a position in a Contract other than Security Futures in the account of a Customer, whether or not such Customer is a Trading Privilege Holder, without proper and adequate margin in accordance with this Rule 516, all other applicable Rules of the Exchange, the rules of the Clearing Corporation and Applicable Law.

In addition, Clearing Members and, if applicable, Trading Privilege Holders must adhere to the procedures set forth in the “Margins Handbook” issued by the Joint Audit Committee. In the event the Margins Handbook is inconsistent with the Rules of the Exchange, the Rules of the Exchange shall have precedence. Terms used in this Rule 516 that are not defined in the Rules of the Exchange shall have the meanings set forth in the Margins Handbook.

(b) *Computation of Margin Requirements.* Clearing Members and, if applicable, Trading Privilege Holders must employ a risk-based portfolio margining system acceptable to the Exchange, such as the Standard Portfolio Analysis of Risk (SPAN®)\* margin system, to compute margin requirements on the applicable Contracts. The margin requirements imposed by this Rule 516 are the minimum requirements. Clearing Members and, if applicable, Trading Privilege Holders may impose higher rates and/or more stringent requirements.

(c) *Margin Rates.* The Clearing Corporation, pursuant to Commission Regulation §39.13, shall determine the rates to be used to derive customer initial margin requirements for any Contract. The Exchange shall determine the rates used to derive initial margin requirements for any account type not covered by Commission Regulation §39.13 and maintenance margin requirements for any Contract. In the event of a change in the margin requirement levels required by the Clearing Corporation or the Exchange, such change shall apply to both new and existing positions. The Exchange shall have the authority to apply different margin rates or margin requirement levels to different types of accounts at its discretion to any account type not covered, in respect of customer initial margin, by Commission Regulation §39.13. The term “customer initial margin” has the meaning set forth in Commission Regulation §1.3.

(d) *Acceptable Margin Deposits.* Clearing Members and, if applicable, Trading Privilege Holders may accept from Customers as margin the following: cash currencies of any denomination, readily marketable securities (as defined by

Exchange Act Rule 15c3-1(c)(11) and applicable Securities and Exchange Commission interpretations), money market mutual funds allowable under Commission Regulation § 1.25, and letters of credit issued by a bank or trust company.

Securities that have been issued by the Customer or an affiliate of the Customer shall not be accepted as margin unless the Clearing Member or Trading Privilege Holder files a petition with, and receives permission from, the Exchange. Bank-issued and trust-issued letters of credit must be drawable in the United States and in a form acceptable to the Exchange. Letters of credit in a form approved by the Clearing Corporation are deemed a form acceptable to the Exchange. Letters of credit issued by the Customer, an affiliate of the Customer, the Clearing Member, an affiliate of the Clearing Member, or, if applicable, the Trading Privilege Holder or an affiliate of the Trading Privilege Holder shall not be accepted by Clearing Members or Trading Privilege Holders as margin. All Customer assets accepted by Clearing Members and, if applicable, Trading Privilege Holders as margin deposits must be and remain unencumbered by third party liens against the depositing Customer. Cash currency margin deposits shall be valued at market value, unless the Exchange has prescribed otherwise. Clearing Members and, if applicable, Trading Privilege Holders must comply with Commission Regulation § 1.49 when accepting and holding foreign currencies as a margin deposit on any Contract. All other margin deposits shall be valued at an amount not to exceed market value less applicable deductions, as set forth in Exchange Act Rule 15c3-1.

(e) *Order Acceptance.* Clearing Members and, if applicable, Trading Privilege Holders shall not accept orders for an account unless sufficient margin is on deposit in the account or is forthcoming within a reasonable period of time. In the event an account has been subject to a margin call for an unreasonable time, Clearing Members and, if applicable, Trading Privilege Holders are only permitted to accept orders that reduce the margin requirements of positions existing in the account. In the event an account has been in debit for an unreasonable time, Clearing Members and, if applicable, Trading Privilege Holders are not permitted to accept orders.

(f) *Margin Calls.* Calls for margin in the amount necessary to reach the initial margin equity requirement must be issued: (i) when margin equity in an account initially falls below the maintenance margin requirement, and (ii) subsequently, when the sum of margin equity plus existing margin calls in an account is less than the maintenance margin requirement. Such calls must be made within one business day after the occurrence of the event that gives rise to the call. A Clearing Member and, if applicable, Trading Privilege Holder may, at any time, at its discretion, call for additional margin. A Clearing Member and, if applicable, Trading Privilege Holder is not required to call for or collect margin for day trades.

(g) *Reduction/Deletion of Margin Calls.* A margin call may be reduced only through the receipt of margin deposits permitted pursuant to Rule 516(d). A margin call may be deleted through: (i) the receipt of margin deposits permitted under Rule 516(d) that equals or exceeds the amount of the total margin call, or (ii) inter-day favorable market movements and/or the liquidation of positions, provided that

margin equity in the account is equal to or greater than the initial margin requirement. The oldest outstanding margin call shall be reduced first.

(h) *Margin Call Records.* Clearing Members and, if applicable, Trading Privilege Holders must maintain written records of all margin calls made, reduced and deleted.

(i) *Release of Margin Deposits.* Clearing Members and, if applicable, Trading Privilege Holders may release margin deposits to a Customer only if such deposits are in excess of the initial margin requirements.

(j) *Loans to Customers.* Clearing Members and, if applicable, Trading Privilege Holders may not extend loans to Customers to use as a margin deposit unless such loans are secured, as defined in Commission Regulation §1.17(c)(3), and the proceeds of such loans are treated in accordance with Commission Regulation §1.30.

(k) *Aggregation of Accounts and Positions.* For margin purposes, Clearing Members and, if applicable, Trading Privilege Holders may aggregate Customer accounts having identical ownership within the same classification of Customer segregated, Customer secured, and nonsegregated.

(l) *Hedge Rate Eligibility.* When extending hedge margin rates, Clearing Members and, if applicable Trading Privilege Holders must have reasonable support that such rates are being applied to bona-fide hedge and risk management positions, as defined by Rule 412.

(m) *Omnibus Accounts.*

(i) Margin shall be collected on a gross basis in the case of a foreign or domestic omnibus account.

(ii) Maintenance margin requirements shall serve as both the initial and maintenance margin requirements in the case of omnibus accounts.

(iii) Written instructions from foreign and domestic omnibus accounts shall be obtained and maintained for positions entitled to spread or hedge margin rates.

(n) *Liquidation of Accounts.* In the event a margin call is not met within a reasonable time (for purposes of Rule 516(n), one hour is deemed to be a reasonable time), the Customer's trades, or a sufficient portion thereof, may be closed-out in order to attain the required margin status. A determination as to when and under what circumstances liquidation may occur is at the full discretion of the Clearing Member or, if applicable, Trading Privilege Holder.

(o) *Failure to Maintain Margin Requirements.* The Exchange may direct a Clearing Member or, if applicable, Trading Privilege Holder to immediately

liquidate all or part of a Customer's positions to eliminate a margin deficiency if the Clearing Member or Trading Privilege Holder has failed to maintain margin requirements for the account in accordance with Rule 516.

\* "SPAN" is a registered trademark of Chicago Mercantile Exchange Inc., used herein under license. Chicago Mercantile Exchange Inc. assumes no liability in connection with the use of SPAN by any person or entity.

Adopted February 17, 2004 (04-02). Amended March 26, 2004 (04-07); May 13, 2003 (04-13); July 26, 2005 (05-20); May 7, 2012 (12-08); October 17, 2012 (12-26).

### **517. Customer Margin Requirements for Contracts that are Security Futures**

(a) *Scope of Rule.* This Rule 517 shall apply to positions resulting from transactions in Security Futures, traded on the Exchange or subject to the Rules of the Exchange to the extent that such positions are held by Clearing Members or, if applicable, Trading Privilege Holders on behalf of Customers in futures accounts (as such term is defined in Commission Regulation § 1.3(vv) and Exchange Act Regulation 15c3-3(a)), with paragraph (n) of this Rule 517 also applying to such positions held in securities accounts (as such term is defined in Commission Regulation 1.3(ww) and Exchange Act Regulation 15c3-3(a)). As used in this Rule 517, the term "Customer" does not include (i) any exempted person (as such term is defined in Commission Regulation § 41.43(a)(9) and Exchange Act Regulation 401(a)(9)) and (ii) any Market Maker (as such term is defined in paragraph (n) below). Nothing in this Rule 517 shall alter the obligation of each Clearing Member and, if applicable, Trading Privilege Holder to comply with Applicable Law relating to customer margin for transactions in Security Futures, including without limitation Commission Regulations §§ 41.42 through 41.49 or Rules 400 through 406 under the Exchange Act, as applicable (including in each case any successor regulations or rules).

(b) *Margin System.* The Standard Portfolio Analysis of Risk (SPAN<sup>®</sup>)\* is the margin system adopted by the Exchange. SPAN<sup>®</sup> generated margin requirements shall constitute Exchange margin requirements. All references to margin in the Rules of the Exchange shall be to margin computed on the basis of SPAN<sup>®</sup>. Margin systems other than SPAN<sup>®</sup> may be used to meet Exchange margin requirements if the relevant Clearing Member or, if applicable, Trading Privilege Holder can demonstrate that its margin system will result in margin requirements that are in all cases equal to or greater than the corresponding requirements determined on the basis of SPAN<sup>®</sup>.

(c) *Margin Rate.* The Exchange will set and publish the initial and maintenance margin rates to be used in determining Exchange margin requirements; *provided* that in no case shall the required margin for any long or short position held by a Clearing Member or, if applicable, Trading Privilege Holder on behalf of a Customer be less than the rate from time to time determined by the Commission and the Securities and Exchange Commission for purposes of Commission



Regulation § 41.45(b)(1) and Rule 403(b)(1) under the Exchange Act unless a lower margin level is available for such position pursuant to paragraph (m) below.

(d) *Acceptable Margin Deposits.*

(i) Clearing Members and, if applicable, Trading Privilege Holders may accept from their Customers as margin deposits of cash, margin securities (subject to the limitations set forth in the following sentence), exempted securities, any other assets permitted under Regulation T of the Board of Governors of the Federal Reserve System (as in effect from time to time) to satisfy a margin deficiency in a securities margin account, and any combination of the foregoing, each as valued in accordance with Commission Regulation § 41.46(c) and (e) or Rule 404(c) and (e) under the Exchange Act, as applicable. Shares of a money market mutual fund that meet the requirements of Commission Regulations § 1.25 and § 41.46(b)(2) and Rule 404(b)(2) under the Exchange Act, as applicable, may be accepted as a margin deposit from a Customer for purposes of this Rule 517.

(ii) A Clearing Member or, if applicable, Trading Privilege Holder shall not accept as margin from any Customer securities that have been issued by such Customer or an Affiliate of such Customer unless such Clearing Member or Trading Privilege Holder files a petition with and receives permission from the Exchange for such purpose.

(iii) All assets deposited by a Customer to meet margin requirements must be and remain unencumbered by third party claims against the depositing Customer.

(iv) Except to the extent prescribed otherwise by the Exchange, cash margin deposits shall be valued at market value and all other margin deposits shall be valued at an amount not to exceed that set forth in Commission Regulation § 41.46(c) and (e) or Rule 404(c) and (e) under the Exchange Act, as applicable (including in each case any successor regulations or rules).

(e) *Acceptance of Orders.* Clearing Members and, if applicable, Trading Privilege Holders may accept Orders for a particular Customer account only if sufficient margin is on deposit in such account or is forthcoming within a reasonable period of time (which shall be no more than five Business Days, although the relevant Clearing Member or, if applicable, Trading Privilege Holder may deem one hour to be a reasonable period of time). For a Customer account that has been subject to calls for margin for an unreasonable period of time, Clearing Members and, if applicable, Trading Privilege Holders may only accept Orders that, when executed, will reduce the margin requirements resulting from the existing positions in such account. Clearing Members and, if applicable, Trading Privilege Holders may not accept Orders for a Customer account that would liquidate to a deficit or that has a debit balance.

(f) *Margin Calls.* Clearing Members and, if applicable, Trading Privilege Holders must call for margin from a particular Customer:

(i) when the margin equity on deposit in such Customer's account falls below the applicable maintenance margin requirement; or

(ii) subsequently, when the margin equity on deposit in such Customer's account, together with any outstanding margin calls, is less than the applicable maintenance margin requirement.

Any such call must be made within one Business Day after the occurrence of the event giving rise to such call. Clearing Members and, if applicable, Trading Privilege Holders may call for additional margin at their discretion.

Clearing Members and, if applicable, Trading Privilege Holders shall reduce any call for margin only to the extent that margin deposits permitted under paragraph (d) above are received in the relevant account. Clearing Members and, if applicable, Trading Privilege Holders may delete any call for margin only if (i) margin deposits permitted under paragraph (d) above equal to or in excess of the deposits called are received in the relevant account or (ii) inter-day favorable market movements or the liquidation of positions result in the margin on deposit in the relevant account being equal to or greater than the applicable initial margin requirement. In the event of any such reduction or deletion, the oldest outstanding margin call shall be reduced or deleted first.

Clearing Members and, if applicable, Trading Privilege Holders, shall maintain written records of any and all margin calls issued, reduced or deleted by them.

(g) *Disbursements of Excess Margin.* Clearing Members and, if applicable, Trading Privilege Holders may release to Customers margin on deposit in any account only to the extent that such margin is in excess of the applicable initial margin requirement under this Rule 517 and any other applicable margin requirement.

(h) *Loans to Customers.* Clearing Members and, if applicable, Trading Privilege Holders may not extend loans to Customers for margin purposes unless such loans are secured within the meaning of Commission Regulation § 1.17(c)(3). The proceeds of any such loan must be treated in accordance with Commission Regulation § 1.30.

(i) *Aggregation of Accounts and Positions.* For purposes of determining margin requirements under this Rule 517, Clearing Members and, if applicable, Trading Privilege Holders shall aggregate accounts under identical ownership if such accounts fall within the same classifications of customer segregated, customer secured, special reserve account for the exclusive benefit of customers and non-segregated for margin purposes. Clearing Members and, if applicable, Trading Privilege Holders may compute margin requirements for identically owned concurrent long and short positions on a net basis.

(j) *Omnibus Accounts.* Clearing Members and, if applicable, Trading Privilege Holders shall collect margin on a gross basis for positions held in domestic and foreign omnibus accounts. For omnibus accounts, initial margin requirements shall equal the corresponding maintenance margin requirements. Clearing Members and, if applicable, Trading Privilege Holders shall obtain and maintain written instructions from domestic and foreign omnibus accounts for positions that are eligible for offsets pursuant to paragraph (m) below.

(k) *Liquidation of Positions.* If a Customer fails to comply with a margin call required by Commission Regulations §§ 41.42 through 41.49 or Rules 400 through 406 under the Exchange Act, as applicable, within a reasonable period of time (which shall be no more than five Business Days, although the relevant Clearing Member or, if applicable, Trading Privilege Holder may deem one hour to be a reasonable period of time), the relevant Clearing Member or, if applicable, Trading Privilege Holder may liquidate positions in such Customer's account to ensure compliance with the applicable margin requirements.

(l) *Failure to Maintain Required Margin.* If a Clearing Member or, if applicable, Trading Privilege Holder fails to maintain sufficient margin for any Customer account in accordance with this Rule 517, the Exchange may direct such Clearing Member or Trading Privilege Holder to immediately liquidate all or any part of the positions in such account to eliminate the deficiency.

(m) *Offsetting Positions.* For purposes of Commission Regulation § 41.45(b)(2) and Rule 403(b)(2) under the Exchange Act, the initial and maintenance margin requirements for offsetting positions involving Security Futures, on the one hand, and related positions, on the other hand, are set at the levels specified in Schedule A to this Rule 517.

(n) *Exclusion for Market Makers.*

(i) A Person shall be a "Market Maker" for purposes of this Rule 517, and shall be excluded from the requirements set forth in Commission Regulations §§ 41.42 through 41.49 and Rules 400 through 406 under the Exchange Act, as applicable, in accordance with Commission Regulation § 41.42(c)(2)(v) and Rule 400(c)(2)(v) under the Exchange Act with respect to all trading in Security Futures for its own account, if such Person is a Trading Privilege Holder or Authorized Trader that is registered with the Exchange as a dealer (as such term is defined in Section 3(a)(5) of the Exchange Act) in Security Futures.

(ii) Each Market Maker shall:

(A) be registered as a floor trader or a floor broker with the Commission under Section 4f(a)(1) of the CEA or as a dealer with the Securities and Exchange Commission (or any successor agency or authority) under Section 15(b) of the Exchange Act;

(B) maintain records sufficient to prove compliance with the requirements set forth in this paragraph (n) and Commission Regulation § 41.42(c)(2)(v) or Rule 400(c)(2)(v) under the Exchange Act, as applicable, including without limitation trading account statements and other financial records sufficient to detail activity; and

(C) hold itself out as being willing to buy and sell Security Futures for its own account on a regular or continuous basis.

A Market Maker satisfies condition (C) above if such Market Maker: (x) provides Orders that result in continuous two-sided quotations throughout the trading day for all delivery months of Security Futures representing a meaningful proportion of the total trading volume on the Exchange from Security Futures in which that Market Maker is designated as a Market Maker, subject to relaxation during unusual market conditions as determined by the Exchange in either a Security Future or a security underlying such Security Future at which times such Market Maker must use its best efforts to provide Orders that result in continuous and competitive quotations; and (y) when providing Orders, provides Orders with a maximum bid/ask spread of no more than the greater of \$5.00 or 150% of the bid/ask spread in the primary market for the security underlying each Security Future

For purposes of the preceding paragraph, beginning on the 181<sup>st</sup> calendar day after the commencement of trading of Security Futures, a “meaningful proportion of the total trading volume on the Exchange from Security Futures in which that Market Maker is designated as a Market Maker” shall mean a minimum of 20% of such trading volume.

(iii) Any Market Maker that fails to comply with the Rules of the Exchange, Commission Regulations §§ 41.42 through 41.49 or Rules 400 through 406 under the Exchange Act, as applicable, shall be subject to disciplinary action in accordance with Chapter 7. Appropriate sanctions in the case of any such failure shall include, without limitation, a revocation of such Market Maker’s registration as a dealer in Security Futures pursuant to clause (i) above.

\* “SPAN” is a registered trademark of Chicago Mercantile Exchange Inc., used herein under license. Chicago Mercantile Exchange Inc. assumes no liability in connection with the use of SPAN by any person or entity.

Adopted July 26, 2005 (05-20). Amended March 22, 2011 (11-05); November 9, 2015 (15-027); February 25, 2018 (17-017); February 11, 2021 (21-005).

## Schedule A to Rule 517

### Margin Levels for Offsetting Positions

	DESCRIPTION OF OFFSET	SECURITY UNDERLYING THE SECURITY FUTURE	INITIAL MARGIN REQUIREMENT	MAINTENANCE MARGIN REQUIREMENT
1	<b>Long security future (or basket of security futures representing each component of a narrow-based securities index<sup>1</sup>) and long put option<sup>2</sup> on the same underlying security (or index)</b>	Individual stock or narrow-based security index	20% of the current market value of the long security future, plus pay for the long put in full.	The lower of: (1) 10% of the aggregate exercise price <sup>3</sup> of the put plus the aggregate put out-of-the-money <sup>4</sup> amount, if any; or (2) 20% of the current market value of the long security future.

<sup>1</sup> Baskets of securities or security futures contracts must replicate the securities that comprise the index, and in the same proportion.

<sup>2</sup> Generally, for the purposes of these rules, unless otherwise specified, stock index warrants shall be treated as if they were index options.

<sup>3</sup> “Aggregate exercise price,” with respect to an option or warrant based on an underlying security, means the exercise price of an option or warrant contract multiplied by the numbers of units of the underlying security covered by the option contract or warrant. “Aggregate exercise price” with respect to an index option, means the exercise price multiplied by the index multiplier. *See, e.g.*, Amex Rules 900 and 900C; Cboe Options Rule 12.3; and FINRA Rule 2522.

<sup>4</sup> “Out-of-the-money” amounts shall be determined as follows:

- (1) for stock call options and warrants, any excess of the aggregate exercise price of the option or warrant over its current market value (as determined in accordance with Regulation T of the Board of Governors of the Federal Reserve System);
- (2) for stock put options or warrants, any excess of the current market value (as determined in accordance with Regulation T of the Board of Governors of the Federal Reserve System) of the option or warrant over its aggregate exercise price;
- (3) for stock index call options and warrants, any excess of the aggregate exercise price of the option or warrant over the product of the current index value and the applicable index multiplier; and
- (4) for stock index put options and warrants, any excess of the product of the current index value and the applicable index multiplier over the aggregate exercise price of the option or warrant. *See, e.g.*, NYSE Rule 431 (Exchange Act Release No. 42011 (October 14, 1999), 64 FR 57172 (October 22, 1999) (order approving SR-NYSE-99-03)); Amex Rule 462 (Exchange Act Release No. 43582 (November 17, 2000), 65 FR 71151 (November 29, 2000) (order approving SR-Amex-99-27)); Cboe Options Rule 12.3 (Exchange Act Release No. 41658 (July 27, 1999), 64 FR 42736 (August 5, 1999) (order approving SR-CBOE-97-67)); or FINRA Rule 2520 (Exchange Act Release No. 43581 (November 17, 2000), 65 FR 70854 (November 28, 2000) (order approving SR-NASD-00-15)).

	DESCRIPTION OF OFFSET	SECURITY UNDERLYING THE SECURITY FUTURE	INITIAL MARGIN REQUIREMENT	MAINTENANCE MARGIN REQUIREMENT
2	<b>Short security future (or basket of security futures representing each component of a narrow-based securities index) and short put option on the same underlying security (or index)</b>	Individual stock or narrow-based security index	20% of the current market value of the short security future, plus the aggregate put in-the-money amount, if any. Proceeds from the put sale may be applied.	20% of the current market value of the short security future, plus the aggregate put in-the-money amount, if any. <sup>5</sup>
3	<b>Long security future and short position in the same security (or securities basket) underlying the security future</b>	Individual stock or narrow-based security index	The initial margin required under Regulation T for the short stock or stocks.	5% of the current market value as defined in Regulation T of the stock or stocks underlying the security future.
4	<b>Long security future (or basket of security futures representing each component of a narrow-based securities index) and short call option on the same underlying security (or index)</b>	Individual stock or narrow-based security index	20% of the current market value of the long security future, plus the aggregate call in-the-money amount, if any. Proceeds from the call sale may be applied.	20% of the current market value of the long security future, plus the aggregate call in-the-money amount, if any.
5	<b>Long a basket of narrow-based security futures that together tracks a broad-based index and short a broad-based security index call option contract on the same index</b>	Narrow-based security index	20% of the current market value of the long basket of narrow-based security futures, plus the aggregate call in-the-money amount, if any. Proceeds from the call sale may be applied.	20% of the current market value of the long basket of narrow-based security futures, plus the aggregate call in-the-money amount, if any.
6	<b>Short a basket of narrow-based security futures that together tracks a broad-based security index and short a broad-based security index put option contract on the same index</b>	Narrow-based security index	20% of the current market value of the short basket of narrow-based security futures, plus the aggregate put in-the-money amount, if any. Proceeds from the put sale may be applied.	20% of the current market value of the short basket of narrow-based security futures, plus the aggregate put in-the-money amount, if any.

<sup>5</sup> “In-the-money” amounts must be determined as follows:

- (1) for stock call options and warrants, any excess of the current market value (as determined in accordance with Regulation T of the Board of Governors of the Federal Reserve System) of the option or warrant over its aggregate exercise price;
- (2) for stock put options or warrants, any excess of the aggregate exercise price of the option or warrant over its current market value (as determined in accordance with Regulation T of the Board of Governors of the Federal Reserve System);
- (3) for stock index call options and warrants, any excess of the product of the current index value and the applicable index multiplier over the aggregate exercise price of the option or warrant; and
- (4) for stock index put options and warrants, any excess of the aggregate exercise price of the option or warrant over the product of the current index value and the applicable index multiplier.

	DESCRIPTION OF OFFSET	SECURITY UNDERLYING THE SECURITY FUTURE	INITIAL MARGIN REQUIREMENT	MAINTENANCE MARGIN REQUIREMENT
<b>7</b>	<b>Long a basket of narrow-based security futures that together tracks a broad-based security index and long a broad-based security index put option contract on the same index</b>	Narrow-based security index	20% of the current market value of the long basket of narrow-based security futures, plus pay for the long put in full.	The lower of: (1) 10% of the aggregate exercise price of the put, plus the aggregate put out-of-the-money amount, if any; or (2) 20% of the current market value of the long basket of security futures.
<b>8</b>	<b>Short a basket of narrow-based security futures that together tracks a broad-based security index and long a broad-based security index call option contract on the same index</b>	Narrow-based security index	20% of the current market value of the short basket of narrow-based security futures, plus pay for the long call in full.	The lower of: (1) 10% of the aggregate exercise price of the call, plus the aggregate call out-of-the-money amount, if any; or (2) 20% of the current market value of the short basket of security futures.
<b>9</b>	<b>Long security future and short security future on the same underlying security (or index)</b>	Individual stock or narrow-based security index	The greater of: 5% of the current market value of the long security future; or (2) 5% of the current market value of the short security future.	The greater of: 5% of the current market value of the long security future; or (2) 5% of the current market value of the short security future.
<b>10</b>	<b>Long security future, long put option and short call option. The long security future, long put and short call must be on the same underlying security and the put and call must have the same exercise price. (Conversion)</b>	Individual stock or narrow-based security index	20% of the current market value of the long security future, plus the aggregate call in-the-money amount, if any, plus pay for the put in full. Proceeds from the call sale may be applied.	10% of the aggregate exercise price, plus the aggregate call in-the-money amount, if any.

11	<b>Long security future, long put option and short call option. The long security future, long put and short call must be on the same underlying security and the put exercise price must be below the call exercise price (Collar)</b>	Individual stock or narrow-based security index	20% of the current market value of the long security future, plus the aggregate call in-the-money amount, if any, plus pay for the put in full. Proceeds from call sale may be applied.	The lower of: (1) 10% of the aggregate exercise price of the put plus the aggregate put out-of-the-money amount, if any; or (2) 20% of the aggregate exercise price of the call, plus the aggregate call in-the-money amount, if any.
	DESCRIPTION OF OFFSET	SECURITY UNDERLYING THE SECURITY FUTURE	INITIAL MARGIN REQUIREMENT	MAINTENANCE MARGIN REQUIREMENT
12	<b>Short security future and long position in the same security (or securities basket) underlying the security future</b>	Individual stock or narrow-based security index	The initial margin required under Regulation T for the long stock or stocks.	5% of the current market value, as defined in Regulation T, of the long stock or stocks.
13	<b>Short security future and long position in a security immediately convertible into the same security underlying the security future, without restriction, including the payment of money</b>	Individual stock or narrow-based security index	The initial margin required under Regulation T for the long security.	10% of the current market value, as defined in Regulation T, of the long security.
14	<b>Short security future (or basket of security futures representing each component of a narrow-based securities index) and long call option or warrant on the same underlying security (or index)</b>	Individual stock or narrow-based security index	20% of the current market value of the short security future, plus pay for the call in full.	The lower of: (1) 10% of the aggregate exercise price of the call, plus the aggregate call out-of-the-money amount, if any; or (2) 20% of the current market value of the short security future.
15	<b>Short security future, Short put option and long call option. The short security future, short put and long call must be on the same underlying security and the put and call must have the same exercise price. (Reverse Conversion)</b>	Individual stock or narrow-based security index	20% of the current market value of the short security future, plus the aggregate put in-the-money amount, if any, plus pay for the call in full. Proceeds from put sale may be applied.	10% of the aggregate exercise price, plus the aggregate put in-the-money amount, if any.
16	<b>Long (short) a basket of security futures, each based on a narrow-based security index that together tracks the broad-based index and short (long) a broad-based index future</b>	Narrow-based security index	5% of the current market value for the long (short) basket of security futures.	5% of the current market value of the long (short) basket of security futures.
17	<b>Long (short) a basket of security futures that together tracks a narrow-based index and short (long) a narrow-based index future</b>	Individual stock and narrow-based security index	The greater of: (1) 5% of the current market value of the long security future(s); or (2) 5% of the current market value of the short security future(s).	The greater of: (1) 5% of the current market value of the long security future(s); or (2) 5% of the current market value of the short security future(s).



18	<b>Long (short) a security future and short (long) an identical security future traded on a different market.<sup>6</sup></b>	Individual stock and narrow-based security index	The greater of: (1) 3% of the current market value of the long security future(s); or (2) 3% of the current market value of the short security future(s).	The greater of: (1) 3% of the current market value of the long security future(s); or (2) 3% of the current market value of the short security future(s).
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<sup>6</sup> Two security futures will be considered “identical” for this purpose if they are issued by the same clearing agency or cleared and guaranteed by the same derivatives clearing organization, have identical contract specifications, and would offset each other at the clearing level.

## Compliance with Commission Requirements

### **518. Compliance with Minimum Financial Requirements, Financial Reporting Requirements, and Requirements Relating to Protection of Customer Funds**

Without limiting the generality and applicability of the prior Rules in Chapter 5, any other Rules of the Exchange (including, without limitation, Rules 501, 502, 503, 505, 506, 604, and 605), and Applicable Law, Trading Privilege Holders shall comply with the Commission Regulations relating to minimum financial requirements, financial reporting requirements, and protection of customer funds that are set forth in this Rule 518 to the extent that Trading Privilege Holders are subject to those Commission Regulations.

(a) Any Trading Privilege Holder subject to Commission Regulation 1.10 (*Financial Reports of Futures Commission Merchants and Introducing Brokers*) that violates Commission Regulation 1.10 shall be deemed to have violated this Rule 518(a).

(b) Any Trading Privilege Holder subject to Commission Regulation 1.11 (*Risk Management Program for Futures Commission Merchants*) that violates Commission Regulation 1.11 shall be deemed to have violated this Rule 518(b).

(c) Any Trading Privilege Holder subject to Commission Regulation 1.12 (*Maintenance of Minimum Financial Requirements by Futures Commission Merchants and Introducing Brokers*) that violates Commission Regulation 1.12 shall be deemed to have violated this Rule 518(c).

(d) Any Trading Privilege Holder subject to Commission Regulation 1.17 (*Minimum Financial Requirements for Futures Commission Merchants and Introducing Brokers*) that violates Commission Regulation 1.17 shall be deemed to have violated this Rule 518(d).

(e) Any Trading Privilege Holder subject to Commission Regulation 1.18 (*Records for and relating to Financial Reporting and Monthly Computation by Futures Commission Merchants and Introducing Brokers*) that violates Commission Regulation 1.18 shall be deemed to have violated this Rule 518(e).

- (f) Any Trading Privilege Holder subject to Commission Regulation 1.20 (*Futures Customer Funds to Be Segregated and Separately Accounted For*) that violates Commission Regulation 1.20 shall be deemed to have violated this Rule 518(f).
- (g) Any Trading Privilege Holder subject to Commission Regulation 1.21 (*Care of Money and Equities Accruing to Customers*) that violates Commission Regulation 1.21 shall be deemed to have violated this Rule 518(g).
- (h) Any Trading Privilege Holder subject to Commission Regulation 1.22 (*Use of Futures Customer Funds Restricted*) that violates Commission Regulation 1.22 shall be deemed to have violated this Rule 518(h).
- (i) Any Trading Privilege Holder subject to Commission Regulation 1.23 (*Interest of Futures Commission Merchants in Segregated Futures Customer Funds; Additions and Withdrawals*) that violates Commission Regulation 1.23 shall be deemed to have violated this Rule 518(i).
- (j) Any Trading Privilege Holder subject to Commission Regulation 1.24 (*Segregated Funds; Exclusions Therefrom*) that violates Commission Regulation 1.24 shall be deemed to have violated this Rule 518(j).
- (k) Any Trading Privilege Holder subject to Commission Regulation 1.25 (*Investment of Customer Funds*) that violates Commission Regulation 1.25 shall be deemed to have violated this Rule 518(k).
- (l) Any Trading Privilege Holder subject to Commission Regulation 1.26 (*Deposit of Instruments Purchased with Futures Customer Funds*) that violates Commission Regulation 1.26 shall be deemed to have violated this Rule 518(l).
- (m) Any Trading Privilege Holder subject to Commission Regulation 1.27 (*Record of Investments*) that violates Commission Regulation 1.27 shall be deemed to have violated this Rule 518(m).
- (n) Any Trading Privilege Holder subject to Commission Regulation 1.28 (*Appraisal of Instruments Purchased with Customer Funds*) that violates Commission Regulation 1.28 shall be deemed to have violated this Rule 518(n).
- (o) Any Trading Privilege Holder subject to Commission Regulation 1.29 (*Gains and Losses Resulting from Investment of Customer Funds*) that violates Commission Regulation 1.29 shall be deemed to have violated this Rule 518(o).
- (p) Any Trading Privilege Holder subject to Commission Regulation 1.30 (*Loans by Futures Commission Merchants; Treatment of Proceeds*) that violates Commission Regulation 1.30 shall be deemed to have violated this Rule 518(p).
- (q) Any Trading Privilege Holder subject to Commission Regulation 1.31 (*Regulatory Records; Retention and Production*) that violates Commission Regulation 1.31 shall be deemed to have violated this Rule 518(q).

(r) Any Trading Privilege Holder subject to Commission Regulation 1.32 (*Reporting of Segregated Account Computation and Details Regarding the Holding of Futures Customer Funds*) that violates Commission Regulation 1.32 shall be deemed to have violated this Rule 518(r).

(s) Any Trading Privilege Holder subject to Commission Regulation 1.36 (*Records of Securities and Property Received from Customers*) that violates Commission Regulation 1.36 shall be deemed to have violated this Rule 518(s).

Adopted October 17, 2012 (12-26). Amended February 11, 2021 (21-005).

## **CHAPTER 6 BUSINESS CONDUCT**

### **601. Fraudulent Acts**

No Trading Privilege Holder, Related Party or Market Participant shall engage or attempt to engage in any fraudulent act or engage or attempt to engage in any scheme to defraud, deceive or trick, in connection with or related to any trade on or other activity related to the Exchange or the Clearing Corporation. Prohibited activity encompassed by this Rule in relation to any Contract may occur either directly through activity in the market for that Contract, or indirectly through activity in the market of any commodity, security, index or benchmark underlying that Contract, regardless of the exchange on or market in which the underlying is transacted.

Amended December 15, 2016 (16-016); July 2, 2019 (19-012).

### **602. Fictitious Transactions**

No Trading Privilege Holder, Related Party or Market Participant shall create fictitious transactions or execute any Order for a fictitious transaction with knowledge of its nature.

Amended July 2, 2019 (19-012).

### **603. Market Manipulation**

No Trading Privilege Holder, Related Party or Market Participant shall

(i) manipulate, or attempt to manipulate, the price of any Contract, either directly by engaging in activity in the market for that Contract, or indirectly by engaging in activity in the market of any commodity, security, index or benchmark underlying that Contract, regardless of the exchange on or market in which the underlying is transacted;

(ii) purchase or sell, or offer to purchase or sell, any Contract, or any commodity, security, index or benchmark that underlies any Contract, regardless of the exchange on or market in which the underlying is transacted, for the purpose of creating a condition in which prices of the Contract do not or will not reflect fair market values; or

(iii) intentionally or recklessly use or employ, or attempt to use or employ, any manipulative device, scheme or artifice to defraud, relating to any Contract either directly by engaging in activity in the market for that Contract, or indirectly by engaging in activity in the market of any commodity, security, index or benchmark underlying that Contract, regardless of the exchange on or market in which the underlying is transacted.

Amended July 26, 2005 (05-20); February 25, 2018 (17-017); July 2, 2019 (19-012).

#### **604. Adherence to Law**

No Trading Privilege Holder, Related Party or Market Participant shall engage in conduct in violation of Applicable Law, the Rules of the Exchange, the Rules of the Clearing Corporation (insofar as the Rules of the Clearing Corporation relate to the reporting or clearance of any transaction in Contracts) or any agreement with the Exchange.

Amended October 17, 2012 (12-26); July 2, 2019 (19-012).

#### **605. Sales Practice Rules**

Without limiting the generality of Rule 604, each Trading Privilege Holder (including its Related Parties) shall comply with any and all sales practice rules (including those relating to bunched orders, opening and approval of accounts, suitability, use of discretion, supervision of accounts, risk disclosure document delivery, communications, monthly statements and confirmations, registration, qualification and continuing education, customer complaints, prohibition against guarantees and profit sharing and money laundering) from time to time promulgated by the NFA or, in the case of Security Futures, from time to time promulgated by the NFA or FINRA, which rules are hereby incorporated by reference into this Rule 605.

Amended July 26, 2005 (05-20); February 23, 2009 (09-03).

#### **606. Prohibition of Misstatements**

It shall be an offense to make any misstatement of a material fact to the Exchange, including the Board, any committee thereof or any director, officer or employee of the Exchange.

#### **607. Use of Trading Privileges**

Neither a Trading Privilege Holder nor any of its Related Parties may use its Trading Privileges or access the Exchange in any way which could be expected to bring disrepute upon such Trading Privilege Holder or the Exchange.

#### **608. Acts Detrimental to the Exchange; Acts Inconsistent with Just and Equitable Principles of Trade; Abusive Practices**

It shall be an offense to engage in any act detrimental to the Exchange, in conduct inconsistent with just and equitable principles of trade or in abusive practices, including without limitation, fraudulent, noncompetitive or unfair actions.

Amended October 17, 2012 (12-26).

#### **609. Supervision**

- (a) Each Trading Privilege Holder shall be responsible for establishing, maintaining and administering reasonable, written supervisory procedures to

ensure that its Related Parties, automated trading systems and Customers comply with Applicable Law, the Rules of the Exchange and the Rules of the Clearing Corporation. Each Trading Privilege Holder shall be responsible for supervising its Related Parties and automated trading systems and may be held accountable for the actions of its Related Parties and automated trading systems.

(b) Each Market Participant shall supervise that Market Participant's activities and automated trading systems to ensure that they comply with Applicable Law, the Rules of the Exchange and the Rules of the Clearing Corporation, in each case to the extent those provisions are applicable to Market Participants.

Amended October 17, 2012 (12-26); June 30, 2014 (14-15); February 25, 2018 (17-017); July 2, 2019 (19-012).

### **610. Priority of Customers' Orders**

(a) No Trading Privilege Holder, Related Party or Market Participant shall buy a Contract for a personal or proprietary account of such Trading Privilege Holder or Related Party or for an account in which such Trading Privilege Holder, Related Party or Market Participant has a proprietary interest, when such Trading Privilege Holder, Related Party or Market Participant has in hand Orders to buy the same Contract for any other Person at the same price or at the market price. No Trading Privilege Holder, Related Party or Market Participant shall sell a Contract for a personal or proprietary account of such Trading Privilege Holder, Related Party or Market Participant for an account in which such Trading Privilege Holder, Related Party or Market Participant has a proprietary interest, when such Trading Privilege Holder, Related Party or Market Participant has in hand Orders to sell the same Contract for any other Person at the same price or at the market price.

(b) No Trading Privilege Holder, Related Party or Market Participant shall execute a discretionary Order for any Contract, including, without limitation, an Order allowing for discretion as to time and price, for an immediate family member or for a personal or proprietary account of any other Trading Privilege Holder, Related Party or Market Participant, when such Trading Privilege Holder, Related Party or Market Participant has in hand any Customer Market Order for the same Contract open as to time and price.

(c) An Authorized Trader entering Orders into the CFE System must enter all Customer Orders that the CFE System is capable of accepting before entering an Order for a personal or proprietary account of such Authorized Trader or the related Trading Privilege Holder, an account in which such Authorized Trader or Trading Privilege Holder has a proprietary interest or an Order for a discretionary account, including an Order allowing such Authorized Trader or Trading Privilege Holder discretion as to time and price, for an immediate family member or for a personal or proprietary account of any other Trading Privilege Holder or Related Party.

(d) For purposes of this Rule 610, no Trading Privilege Holder or Market Participant that consists of more than one individual, shall be deemed to buy or sell a Contract or execute a discretionary Order if (i) such Trading Privilege Holder or Market Participant has in place appropriate "firewall" or separation of function

procedures and (ii) the individual buying or selling the Contract or executing the discretionary Order in question has no direct knowledge of the Order to buy or sell the same Contract for any other Person at the same price or at the market price or of the Customer Order for the same Contract, as the case may be. Nothing in this Rule 610 shall limit the ability of an “eligible account manager” to bunch Orders in accordance with Commission Regulation § 1.35(b)(5).

Amended February 25, 2018 (17-017); April 25, 2018 (18-005); July 2, (19-012).

### **611. Trading Against Customers’ Orders**

No Trading Privilege Holder, Related Party or Market Participant shall enter into a transaction on behalf of a Customer in which such Trading Privilege Holder, Related Party or Market Participant or any Person trading for an account in which such Trading Privilege Holder, Related Party or Market Participant has a financial interest, intentionally assumes the opposite side of the transaction. The foregoing restriction shall not prohibit pre-execution discussions conducted in accordance with procedures established by the Exchange from time to time, and shall not apply to any Exchange of Contract for Related Position, any Block Trade or any facilitation crossing transaction meeting all of the following criteria (or such other criteria as may be established by the Exchange from time to time):

- (a) the Customer has previously consented in writing to such transactions and such consent has not been revoked prior to the applicable transaction;
- (b) if the Trading Privilege Holder desires to cross a Customer Order with an Order of the Trading Privilege Holder or Related Party and a bid and an offer for the relevant Contract are resting in the CFE System, the Trading Privilege Holder may enter the Customer Order into the CFE System and may immediately thereafter enter the opposing Order representing no more than 30% of the Customer Order’s contract size (rounded up to the nearest whole contract);
- (c) the Trading Privilege Holder or Related Party has waited for a period of three seconds after first entering the Order received from the Customer into the CFE System before taking the opposite side of the transaction, or if the Trading Privilege Holder initially crossed 30% of the Customer Order as provided in Rule 611(b), the Trading Privilege Holder has waited for a period of three seconds after first entering the Customer Order into the CFE System before entering an opposing Order for the remaining balance, if any, of the Customer Order;
- (d) the Trading Privilege Holder maintains a record that clearly identifies, by appropriate descriptive words, all such transactions, including the time of execution, commodity, date, price, quantity and expiration; and
- (e) the Trading Privilege Holder provides a copy of the record referred to in clause (d) above to the Exchange upon request by the Exchange and within the time frame designated by the Exchange.

Because the Orders entered into the CFE System pursuant to this Rule 611 are exposed to the market, there is no assurance that the Orders of the Trading Privilege Holder will be matched against the Customer Order.

Amended March 26, 2004 (04-09); March 11, 2005 (05-09); March 6, 2008 (08-01); February 23, 2009 (09-03); October 17, 2012(12-26); December 15, 2014 (14-17); February 25, 2018 (17-017); July 2, 2019 (19-012).

## **612. Withholding Orders**

No Trading Privilege Holder, Related Party or Market Participant shall withhold or withdraw from the market any Order or any part of an Order placed by any Customer, unless expressly instructed or authorized to do so by such Customer.

Amended July 2, 2019 (19-012.)

## **613. Disclosing Orders**

Except in accordance with any policies or procedures for pre-execution discussions from time to time adopted by the Exchange, no Trading Privilege Holder, Related Party or Market Participant shall disclose to any Person any Order placed by any other Person, except to the Exchange or the Commission.

Amended July 2, 2019 (19-012.)

## **614. Pre-Arranged Trades**

No Trading Privilege Holder, Related Party or Market Participant shall enter any Order into the CFE System which has been pre-arranged, except as expressly permitted by Rules 407, 414, 415 and 611 or in accordance with any policies or procedures for pre-execution discussions from time to time adopted by the Exchange.

Amended March 6, 2008 (08-01); February 25, 2018 (17-017); July 2, 2019 (19-012).

## **615. Simultaneous Buying and Selling Orders**

(a) No Trading Privilege Holder, Related Party or Market Participant shall accept simultaneous buy and sell Orders from the same beneficial owner for the same expiration of a particular Contract that could potentially execute against each other.

(b) A Trading Privilege Holder (including its Related Parties) holding Orders to buy and sell at the same time from different beneficial owners for the same expiration of a particular Contract may enter both Orders into the CFE System subject to compliance with any other applicable Rules of the Exchange such as Rule 407.

Amended February 29, 2009 (09-03); April 2, 2014 (14-04); February 25, 2018 (17-017); July 2, 2019 (19-012).



#### **616. Wash Trades**

No Trading Privilege Holder nor any of its Related Parties shall place or accept buy and sell orders in the same Contract and expiration, and, for a put or call option, the same strike price, where the Trading Privilege Holder or Related Party knows or reasonably should know that the purpose of the orders is to avoid taking a bona fide market position exposed to market risk (transactions commonly known or referred to as wash trades). Buy and sell orders for different accounts with common beneficial ownership that are entered with the intent to negate market risk or price competition shall also be deemed to violate the prohibition on wash trades. Additionally, no Trading Privilege Holder nor any of its Related Parties shall knowingly execute or accommodate the execution of such orders by direct or indirect means.

Adopted October 17, 2012 (12-26).

#### **617. Money Passes**

No Trading Privilege Holder, Related Party or Market Participant shall prearrange the execution of transactions on the Exchange for the purpose of passing money between accounts. All transactions executed on the Exchange must be made in good faith for the purpose of executing bona fide transactions, and prearranged trades intended to effectuate a transfer of funds from one account to another are prohibited.

Adopted October 17, 2012 (12-26); July 2, 2019 (19-012).

#### **618. Accommodation Trading**

No Trading Privilege Holder, Related Party or Market Participant shall enter into non-competitive transactions on the Exchange for the purpose of assisting another Person to engage in transactions that are in violation of the Rules of the Exchange or Applicable Law.

Adopted October 17, 2012 (12-26); July 2, 2019 (19-012).

#### **619. Front-Running**

No Trading Privilege Holder, Related Party or Market Participant shall take a position in a Contract based upon non-public information regarding an impending transaction by another Person in the same or a related Contract, or in any commodity, security, index or benchmark underlying that Contract regardless of the exchange on or market in which the underlying is transacted, except as expressly permitted by Rules 407, 414, 415 and 611 or in accordance with any policies or procedures for pre-execution discussions from time to time adopted by the Exchange.

Adopted October 17, 2012 (12-26); July 2, 2019 (19-012).

## **620. Disruptive Practices**

(a) No Trading Privilege Holder, Related Party or Market Participant shall engage in any trading, practice or conduct on the Exchange or subject to the Rules of the Exchange that:

(i) Violates bids or offers;

(ii) Demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period; or

(iii) Is, is of the character of, or is commonly known to the trade as “spoofing” (bidding or offering with the intent to cancel the bid or offer before execution).

(b) All Orders must be entered for the purpose of executing bona fide transactions. Additionally, all non-actionable messages must be entered in good faith for legitimate purposes.

(i) No Person shall enter or cause to be entered an Order with the intent, at the time of entry, to cancel the Order before execution or to modify the Order to avoid execution;

(ii) No Person shall enter or cause to be entered an actionable or non-actionable message(s) with intent to mislead other market participants;

(iii) No Person shall enter or cause to be entered an actionable or non-actionable message(s) with intent to overload or delay the systems of the Exchange or other market participants;

(iv) No Person shall intentionally or recklessly submit or cause to be submitted an actionable or non-actionable message(s) that has the potential to disrupt the systems of the Exchange or other market participants; and

(v) No Person shall enter or cause to be entered an actionable or non-actionable message(s) with intent to disrupt, or with reckless disregard for the adverse impact on, the orderly conduct of trading or the fair execution of transactions.

The provisions of this Rule apply to all market states, including the pre-opening period, the closing period, and all trading sessions.

Adopted October 17, 2012 (12-26). Amended August 13, 2013 (13-30); July 30, 2015 (15-020); February 25, 2018 (17-017); July 2, 2019 (19-012); March 29, 2021 (21-010).

## **CHAPTER 7**

### **DISCIPLINE AND ENFORCEMENT**

#### **701. Disciplinary Jurisdiction**

(a) A Trading Privilege Holder and any Related Party who is alleged to have violated, or aided and abetted a violation of, any provision of the CEA, Commission Regulations thereunder, the Exchange Act, Exchange Act Regulations thereunder, or any Rule of the Exchange regulating the conduct of business on the Exchange shall be subject to the disciplinary jurisdiction of the Exchange under this Chapter 7, and after notice and opportunity for a hearing may be appropriately disciplined by expulsion, suspension, limitation of activities, functions and operations, fine, censure, being suspended or barred from using Trading Privileges, denial of access to the Exchange, undertakings or any other fitting sanction, in accordance with the provisions of this Chapter 7.

(b) A Trading Privilege Holder or Related Party may be charged with any violation committed by Related Parties under its, his or her supervision or by the Trading Privilege Holder with which it, he or she is associated, as the case may be, as though such violation were its, his or her own.

(c) A former Trading Privilege Holder or Related Party shall remain subject to the disciplinary jurisdiction of the Exchange following any revocation of its Trading Privileges in accordance with Rule 306(b) or 307 or termination of association, as the case may be, with respect to matters that occurred prior to such revocation or termination, as the case may be, provided written notice of the commencement of any inquiry into disciplinary matters is given by the Exchange to such former Trading Privilege Holder or Related Party within one year from receipt by the Exchange of the latest written notice of such revocation or termination, as the case may be. The foregoing notice requirement shall not apply to any Person who at any time after such revocation or termination, as the case may be, again subjects itself to the disciplinary jurisdiction of the Exchange by becoming a Trading Privilege Holder or a Related Party of a Trading Privilege Holder.

Amended July 26, 2005 (05-20); February 23, 2009 (09-03); October 17, 2012 (12-26).

#### **702. Complaint and Investigation**

(a) **Initiation of Investigation.** The Exchange shall investigate possible violations within the disciplinary jurisdiction of the Exchange upon request of the Commission, the Board, the Regulatory Oversight Committee, the Business Conduct Committee, the President or any other Exchange official designated by the President, or upon the discovery or receipt of information by the Exchange that indicates a reasonable basis for finding that a violation may have occurred or will occur. The Exchange shall also investigate possible violations within the disciplinary jurisdiction of the Exchange upon receipt of a complaint, written or oral, alleging such violations made by a Trading Privilege Holder or by any other Person alleging injury as a result of such violations (the “Complainant”), provided

such complaint specifies in reasonable detail the facts constituting the alleged violation. To assist the Exchange in investigating possible violations, the Complainant should sign written complaints or identify itself when making oral complaints, and also should identify the specific statutory provisions or Rules of the Exchange allegedly violated.

(b) Requirement to Furnish Information. Each Trading Privilege Holder and Related Party shall be obligated upon request by the Exchange and within the time frame designated by the Exchange to appear and testify, and to respond in writing to interrogatories and furnish documentary materials and other information requested by the Exchange in connection with (i) any investigation initiated pursuant to paragraph (a) of this Rule 702, (ii) any hearing conducted pursuant to this Chapter 7 or preparation by the Exchange in anticipation of any such hearing or (iii) an Exchange inquiry resulting from any agreement entered into by the Exchange pursuant to Rule 216. No Trading Privilege Holder or Related Party shall impede or delay any Exchange investigation or proceeding conducted pursuant to this Chapter 7 or any Exchange inquiry resulting from any agreement entered into by the Exchange pursuant to Rule 216, nor refuse to comply with a request made by the Exchange pursuant to this paragraph (b).

(c) Representation. Each Trading Privilege Holder and Related Party is entitled to be represented during all stages of any proceeding pursuant to this Chapter 7 by legal counsel or any representative of the Trading Privilege Holder's or Related Party's choosing, except for any member of the Exchange's Board of Directors or Business Conduct Committee, any Exchange employee or any Person substantially related to the underlying investigations, such as a material witness or a Respondent.

(d) Report. In every instance where Exchange staff determines from surveillance or from an investigation a reasonable basis exists for finding a violation has been committed of a Rule of the Exchange (except in the case of the issuance of a warning letter under Rule 715), the Exchange staff shall submit a written report of its investigation to the CRO.

(e) Notice, Statement and Access. Prior to submitting a report pursuant to paragraph (d) of this Rule 702, the Exchange shall notify each Person who is the subject of the report (the "Subject") of the general nature of the allegations and of the specific provisions of the CEA, Commission Regulations thereunder, the Exchange Act, Exchange Act Regulations thereunder, or Rules of the Exchange regulating the conduct of business on the Exchange that appear to have been violated. Except when the CRO determines that expeditious action is required, a Subject shall have the right, within 15 days from the date of the notification referred to in the preceding sentence, to submit a written statement to the CRO concerning why no disciplinary action should be taken. To assist a Subject in preparing such a written statement, such Subject shall have access to any documents and other materials in the investigative file of the Exchange that were furnished by such Subject or its agents.

(f) **Videotaped Response.** In lieu of, or in addition to, submitting a written statement concerning why no disciplinary action should be taken as permitted by paragraph (e) of this Rule 702, the Subject may submit a statement in the form of a videotaped response. Except when the CRO determines that expeditious action is required, the Subject shall have 15 days from the date of service of the notification referred to in such paragraph (e) to submit such videotaped response. The Exchange may from time to time establish standards concerning the length and format of such videotaped responses.

Amended February 23, 2009 (09-03); April 26, 2010 (10-04); October 17, 2012 (12-26); March 27, 2013 (13-015); May 3, 2013 (13-16); November 15, 2018 (18-025); May 15, 2020 (20-011).

### **703. Expedited Proceeding**

Upon receipt of the notification referred to in the first sentence of Rule 702(e), a Subject may seek to dispose of the matter to which such notification relates through a letter of consent signed by it. If a Subject desires to attempt to so dispose of such matter, it must submit to the Exchange, within 15 days from the date of service of such notification, a written notice electing to proceed in an expedited manner pursuant to this Rule 703. Such Subject must then endeavor to reach agreement with the Exchange upon a letter of consent which is acceptable to the Exchange and which sets forth a stipulation of facts and findings concerning the Subject's conduct, each violation committed by the Subject and the sanction or sanctions therefor. A matter can only be disposed of through a letter of consent if the Exchange and the Subject are able to agree upon terms of a letter of consent which are acceptable to the Exchange, and such agreed letter is signed by the Subject.

At any point in the negotiations regarding a letter of consent, the Exchange may deliver to the Subject, or the Subject may deliver to the Exchange, a written declaration of an end to the negotiations. Upon delivery of any such declaration, the Subject will have the right, within 15 days from such delivery, to submit a written statement pursuant to Rule 702(e) and thereafter the matter may be brought to the CRO for appropriate action. In lieu of, or in addition to, submitting a written statement pursuant to Rule 702(e), the Subject may submit a statement in the form of a videotaped response pursuant to Rule 702(f). In the event that the Subject and the Exchange are able to agree upon a letter of consent which is acceptable to the Exchange, such letter shall be submitted to a BCC Panel.

A BCC Panel may accept a letter of consent which provides that the Subject accepts a sanction without either admitting or denying the violations upon which the sanction is based. A BCC Panel may not alter the terms of a letter of consent unless the Subject agrees. A Subject may withdraw a letter of consent at any time before final acceptance of the letter of consent by a BCC Panel. If a letter of consent is withdrawn after submission, or is rejected by a BCC Panel, the Subject shall not be deemed to have made any admissions by reason of the letter of consent and shall not otherwise be prejudiced by having submitted the letter of consent. If such letter is accepted by the BCC Panel, it may adopt such letter as its decision and shall take no further action against the Subject respecting the matters to which the letter relates. If such letter is rejected by the BCC Panel, the matter shall proceed as though such letter had not been submitted. A BCC

Panel's decision to accept or reject a letter of consent shall be final, and a Subject may not seek review thereof.

Amended October 17, 2012 (12-26); November 15, 2018 (18-025).

#### **704. Charges**

(a) **Determination Not to Initiate Charges.** In those cases where notice has been provided pursuant to Rule 702(e) and whenever it appears to the CRO from a report submitted pursuant to Rule 702(d) that no probable cause exists for finding a violation within the disciplinary jurisdiction of the Exchange, or whenever the CRO otherwise determines that no further action is warranted with respect to the matter to which such report relates, the CRO shall direct Exchange staff to prepare and issue a written statement to that effect setting forth the CRO's reasons for such finding, which statement shall be sent to the relevant Subject and the Complainant, if any.

(b) **Initiation of Charges.** Whenever it appears to the CRO from a report submitted to it pursuant to Rule 702(d) that there is probable cause for finding a violation within the disciplinary jurisdiction of the Exchange and that further proceedings are warranted, the CRO shall direct the staff of the Exchange to prepare and issue a statement of charges against each Person alleged to have committed a violation (the "Respondent"), specifying (i) the acts, conduct or practices in which the Respondent is alleged to have engaged; (ii) the specific provisions of the CEA, Commission Regulations thereunder, the Exchange Act, Exchange Act Regulations thereunder, or Rules of the Exchange alleged to have been violated (or about to be violated) by the Respondent; (iii) that the Respondent is entitled, upon request, to a hearing on the charges; and (iv) the period within which a hearing on the charges may be requested. A copy of such statement shall be served upon the Respondent in accordance with Rule 712. The Complainant, if any, shall be notified if further proceedings are warranted.

(c) **Access to Books, Documents or Other Evidence.** Provided that a Respondent has made a written request for access to books, documents or other evidence within 60 calendar days after a statement of charges has been served upon such Respondent in accordance with Rule 712, such Respondent shall have access to all books, documents or other evidence concerning the case to which such statement relates that are in the possession or under the control of the Exchange, subject to the limitations in the following sentence. The Exchange may withhold documents that are privileged or constitute attorney work product, documents that were prepared by an employee of the Exchange but will not be offered in evidence in the disciplinary proceedings, documents that may disclose a technique or guideline used in examinations, investigations or enforcement proceedings and documents that disclose the identity of a confidential source.

(d) **No Trading Privilege Holder or Related Party** shall make or cause to be made any Ex Parte Communication with any member of the Business Conduct Committee concerning the merits of any matter pending under this Chapter 7. No member of the Business Conduct Committee shall make or cause to be made any

Ex Parte Communication with any Trading Privilege Holder or Related Party concerning the merits or any matter pending under this Chapter 7.

Amended February 23, 2009 (09-03); October 17, 2012 (12-26); November 15, 2018 (18-025).

#### **705. Answer**

A Respondent shall file a written answer to a statement of charges provided to it pursuant to Rule 704(b) within 15 days from the date of service of such statement. The answer shall specifically admit or deny each allegation contained in the statement, and the Respondent shall be deemed to have admitted any allegation not specifically denied. The answer may also contain any defense which the Respondent wishes to raise, and may be accompanied by documents in support of such answer or defense. In the event that a Respondent fails to file an answer, all charges contained in the statement of charges provided to it shall be deemed to be admitted.

#### **706. Hearing**

(a) Participants. Subject to Rule 707 of this Chapter 7, a hearing on any charges made under this Chapter 7 shall be held before a BCC Panel. The Exchange (including the Exchange enforcement and regulatory staffs) and the relevant Respondent shall be the parties to any hearing.

(b) Prehearing Procedures. The BCC Panel shall determine the date, time and location of any hearing and shall promptly hold any hearing upon the completion of any procedures prior to the hearing pursuant to this Chapter 7. All parties shall be given at least 15 days' prior notice of the time and place of any hearing. Hearings shall generally be held in Chicago, Illinois, but a BCC Panel may decide to hold a hearing in any other location to accommodate the parties, witnesses, Exchange staff or the BCC Panel members. Not less than five business days in advance of a scheduled hearing date, each party shall furnish to the BCC Panel and each of the other parties copies of all documentary evidence such party intends to present at such hearing and a list containing the names of all witnesses the party intends to present at such hearing. Where the time and nature of a proceeding permit, the parties shall meet in a pre-hearing conference for the purpose of clarifying and simplifying issues and otherwise expediting the proceeding. At any such pre-hearing conference, the parties shall attempt to reach agreement respecting the authenticity of documents, facts not in dispute and any other items the resolution of which may serve to expedite the hearing of the matter. At the request of any party, the BCC Panel or the chairperson thereof shall hear and decide all pre-hearing issues not so resolved among the parties.

(c) Conduct of Hearing. A BCC Panel shall determine all questions concerning the admissibility of evidence and shall otherwise regulate the conduct of any hearing before it. Formal rules of evidence shall not apply. The Respondent shall appear personally at the hearing. The charges shall be presented by a representative of the Exchange who, along with the Respondent and any other party, may present evidence and produce witnesses who shall testify under oath and are subject to being questioned by the BCC Panel and the other parties. The Respondent and any

intervening parties are entitled to be represented by legal counsel or another person in accordance with Rule 702(c) who may participate fully in the hearing. A transcript of each hearing shall be made and shall become part of the record for the matter to which such hearing relates.

(d) **Witnesses.** Persons within the jurisdiction of the Exchange who are called as witnesses for a hearing are required to participate in the hearing and to produce evidence. The Exchange shall make reasonable efforts to secure the presence of any other Person called as a witness for a hearing whose testimony a BCC Panel determines would be relevant if that Person does not voluntarily appear as a hearing witness.

(e) **Summary Action.** A BCC Panel may summarily impose a sanction upon any Person within the jurisdiction of the Exchange whose actions impede the progress of a hearing. Notice of any such summary determination, specifying the violations and sanctions, shall be served upon the Respondent, who shall have the right, within 10 days from the date of service, to notify the BCC Panel that it, he or she desires a hearing upon the violations and sanctions. Failure to so notify the BCC Panel within such 10-day period shall constitute admission of the violations, acceptance of the sanctions and a waiver of all rights of review with respect to the violations and sanctions.

Amended October 17, 2012 (12-26); May 15, 2020 (20-011).

### **707. Summary Proceedings**

Notwithstanding the provisions of Rule 706, a BCC Panel may make a determination in any matter before it without a hearing that a Respondent has committed violations alleged in a statement of charges that the Respondent has admitted or failed to deny. In the event that a BCC Panel makes such a determination, the Respondent shall be deemed to have admitted and waived all rights of review with respect to the violations that the BCC Panel has found the Respondent to have committed and the BCC Panel shall impose a sanction for each of those violations. Notice of any such summary determination, specifying the violations and sanctions, shall be served upon the Respondent, who shall have the right, within 10 days from the date of service, to notify the BCC Panel that it, he or she desires a hearing upon the sanctions. Failure to so notify the BCC Panel within such 10-day period shall constitute sanctions included in such summary determination and a waiver of all rights of review with respect to the sanctions.

Amended October 17, 2012 (12-26).

### **708. Offers of Settlement**

(a) **Submission of Offer.** At any time during a period not to exceed 120 days immediately following the date of service of a statement of charges upon a Respondent in accordance with Rule 712, such Respondent may submit to the Business Conduct Committee a maximum of two written and signed offers of settlement, which shall contain a proposed stipulation of facts and consent to a specified sanction. If a Respondent elected to proceed pursuant to Rule 703,



however, and negotiations ended pursuant to a written declaration of an end to negotiations, the number of days in excess of 30 between (i) the date on which the Exchange received the Respondent's election to proceed in an expedited manner and (ii) the date of the written declaration of an end to negotiations, shall be deducted from the 120-day period specified in the prior sentence; provided, however, that in no event shall the time period within which the Respondent may properly submit offers of settlement to the Business Conduct Committee pursuant to this paragraph (a) be less than 14 days from the date that the statement of charges is served upon the Respondent.

(b) Acceptance or Rejection of Offer. A BCC Panel may permit a Respondent to accept a sanction through an offer of settlement without either admitting or denying the violations upon which the sanction is based. A BCC Panel may not alter the terms of an offer of settlement unless the Respondent agrees. A Respondent may withdraw an offer of settlement at any time before final acceptance of the offer of settlement by a BCC Panel. If an offer of settlement is withdrawn after submission, or is rejected by a BCC Panel, the Respondent shall not be deemed to have made any admissions by reason of the offer of settlement and shall not otherwise be prejudiced by having submitted the offer of settlement. To the extent that a BCC Panel accepts an offer of settlement, the BCC Panel shall issue a written decision consistent with the terms of such offer specifying the rule violations the BCC Panel has reason to believe were committed, including the basis or reasons for the BCC Panel's conclusions, and any sanctions to be imposed. If a BCC Panel accepts an offer of settlement that is not recommended for acceptance by Exchange staff, the decision shall adequately support the BCC Panel's acceptance of the settlement. If applicable, a decision accepting an offer of settlement shall include a statement that the Respondent has accepted the sanctions imposed without either admitting or denying the violations. To the extent that a BCC Panel rejects any offer of settlement, it shall notify the Respondent of such rejection and the matter shall proceed as if such offer had not been made, and such offer and all documents relating thereto shall not become part of the record for the matter in question. Any decision of a BCC Panel issued upon acceptance of an offer of settlement as well as any determination of a BCC Panel whether or not to accept or reject such an offer shall be final, and the Respondent may not seek any review thereof.

(c) Submission of Statement. A Respondent may submit a written statement in support of any offer of settlement made by it. In addition, if the Exchange staff does not recommend acceptance of an offer of settlement before a BCC Panel, a Respondent shall be notified and may appear before the BCC Panel to make an oral statement in support of such offer. If the BCC Panel rejects an offer of settlement that the Exchange staff supports, a Respondent may appear before the BCC Panel to make an oral statement concerning why he or she believes the BCC Panel should change its decision and accept such offer. A Respondent must make a request for any such appearance within five days of service of notice that his or her offer was rejected or that the Exchange staff will not recommend acceptance.

(d) Notwithstanding the limitation on the number of settlement offers set forth in paragraph (a) above, a BCC Panel, in its sole discretion, at any time after a statement of charges has been issued during the 120-day period specified in paragraph (a) above (or such shorter period as may be mandated by such paragraph), may permit a Respondent to submit an offer of settlement, provided the stipulation of facts and specified sanction contained in such offer of settlement are deemed acceptable by the BCC Panel.

(e) If the Exchange takes more than 30 days to provide a Respondent with access to documents pursuant to the requirements of Rule 704(c), the 120-day period specified in paragraph (a) above (or such shorter period may be mandated by such paragraph) shall be tolled during such period in excess of 30 days; provided that, if the settlement period pursuant to paragraph (a) above is less than 120 days, the settlement period shall be tolled to the extent necessary to allow the Respondent at least seven days after being provided with access to documents to submit an offer of settlement.

(f) Subject to Rule 707, after the 120-day period specified in paragraph (a) above (or such shorter period as may be mandated by such paragraph) or after a BCC Panel's rejection of a Respondent's second offer of settlement, whichever is earlier, a hearing will be scheduled and will proceed in accordance with Rule 706.

Amended October 17, 2012 (12-26).

### **709. Decision**

Following any hearing conducted pursuant to Rule 706, the BCC Panel conducting such hearing shall issue a decision in writing determining, based upon the weight of the evidence contained in the record of the hearing, whether the Respondent has committed a violation and imposing the sanction, if any, therefor. Each decision made pursuant to this Rule 709 shall include (i) the statement of charges or summary of the charges; (ii) the answer, if any, or summary of the answer; (iii) a summary of the evidence produced at the hearing; (iv) a statement of findings and conclusions with respect to each charge, and a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge; (v) an indication of each specific provision of the CEA, Commission Regulations thereunder, the Exchange Act, Exchange Act Regulations thereunder, or Rules of the Exchange that the Respondent was found to have violated; and (vi) a declaration of all sanctions imposed against the Respondent, including the basis for such sanctions and the effective date of such sanctions. The Respondent shall be promptly served with a copy of the decision in accordance with Rule 712, and the Exchange shall publish the decision. Any decision made pursuant to this Rule 709 will be considered a final decision of the Exchange when it is served upon the Respondent.

Amended February 23, 2009 (09-03); October 17, 2012 (12-26); May 15, 2020 (20-011).

### **710. Reserved**

Amended April 24, 2010 (10-04); October 17, 2012 (12-26); November 15, 2018 (18-025); May 15, 2020 (20-011).

## **711. Sanctions**

- (a) **Sanctions.** Trading Privilege Holders (including their Related Parties) shall (subject to any rule or order of the Commission) be appropriately disciplined by a BCC Panel for violations under these Rules by expulsion, suspension, limitation of activities, functions and operations, fine, censure, being suspended or barred from using Trading Privileges, denial of access to the Exchange, undertakings or any other fitting sanction.
- (b) **Sanction Considerations.** All disciplinary sanctions imposed pursuant to this Chapter 7 shall be commensurate with the violations committed, clearly sufficient to deter recidivism or similar violations by other market participants and take into account the Respondent's disciplinary history. In the event of demonstrated customer harm, any disciplinary sanction imposed pursuant to this Chapter 7 shall also include full customer restitution, except where the amount of restitution, or to whom it should be provided, cannot be reasonably determined.
- (c) **Effective Date of Sanctions.** Any sanctions imposed by a decision issued pursuant to this Chapter 7 shall become effective upon the effective date of the sanctions set forth in the decision. Pending effectiveness of a decision imposing a sanction on a Respondent, a BCC Panel may impose such conditions and restrictions on the activities of such Respondent as the BCC Panel may consider reasonably necessary for the protection of Customers, Trading Privilege Holders or the Exchange.

Amended October 17, 2012 (12-26); May 20, 2020 (20-011).

## **712. Service of Notice**

- (a) **Service on Person, Subject, Respondent or Counsel.**
  - (i) Any charges, notices or other documents contemplated to be served pursuant to Rule 307 or this Chapter 7 may be served upon a Person, Subject or Respondent directly or by service upon such Person's, Subject's or Respondent's counsel.
  - (ii) The Exchange may serve any charges, notices or other documents contemplated to be served pursuant to Rule 307 or this Chapter 7 with respect to a matter on counsel for a Person, Subject or Respondent on behalf of that Person, Subject or Respondent provided that: (A) the Person, Subject or Respondent has previously instructed the Exchange in writing to serve that counsel with any notices relating to that matter; and (B) the counsel has previously notified the Exchange in writing that the counsel agrees to accept service of any notices relating to that matter on behalf of the Person, Subject or Respondent and of a mailing address and an email address for service of those notices.
  - (iii) If a counsel has provided a notice to the Exchange pursuant to subparagraph (a)(ii)(B) above with respect to a matter, the Exchange may

continue to serve that counsel on behalf of the Person, Subject or Respondent with respect to that matter unless and until the counsel notifies the Exchange in writing that the counsel is no longer representing the Person, Subject or Respondent with respect to that matter or that the counsel consents to service on the Person, Subject or Respondent directly with respect to that matter.

(b) Manner of Service

(i) Charges. Any charges served pursuant to this Chapter 7 may be served upon the Respondent or Respondent's counsel either personally or by leaving the same at his or her place of business or by deposit in the United States mail, postage prepaid, via registered or certified mail addressed to the Respondent at the address as it appears on the books and records of the Exchange or to Respondent's counsel at the address identified in the notice provided pursuant to subparagraph (a)(ii)(B) above.

(ii) Other. All other notices or other documents contemplated to be served pursuant to Rule 307 or this Chapter 7 may be served in the manners specified in Rule 310(a)(i), (ii), (iii), (iv) or (v).

Amended July 31, 2013 (13-29).

**713. Extension of Time Limits**

Any time limits imposed under this Chapter 7 for the submission of answers, petitions or other materials may be extended by permission of the authority at the Exchange to whom such materials are to be submitted.

**714. Imposition of Fines for Minor Rule Violations**

(a) Notwithstanding any other provision of this Chapter 7 to the contrary, the Exchange may, subject to the requirements set forth herein, impose a fine, not to exceed \$15,000, on any Trading Privilege Holder or Related Party of a Trading Privilege Holder with respect to any violation of the Rules of the Exchange relating to the timely submission of accurate records required for clearing or verifying each day's transactions, decorum or other similar activities. Actions taken pursuant to this Rule 714 shall be processed in accordance with the procedures set forth in this Rule 714 rather than the procedures set forth in the remainder of this Chapter 7 unless otherwise indicated.

(b) In any action taken by the Exchange pursuant to this Rule 714, any Person against whom a fine is imposed shall be served with a written statement, prepared by the Exchange, setting forth: (i) the provision of the Rules of the Exchange allegedly violated; (ii) the act or omission constituting each such violation; (iii) the fine imposed for each violation; and (iv) the date by which such determination becomes final and such fine must be paid or contested as provided below, which date shall be not less than 30 days after the date of service of such written statement.

The issuance of a fine or a Person's failure to contest the fine do not constitute an admission of the violation in question.

(c) (i) Any Person against whom a fine is imposed pursuant to this Rule 714 may contest the Exchange's determination by filing with the office of the Secretary, on or before the date specified pursuant to clause (b)(iv) of this Rule 714, a written answer in accordance with Rule 705 (which shall apply with such changes as may be appropriate under the circumstances), at which point the matter shall become subject to review by a BCC Panel. The filing must include a request for a hearing, if a hearing is desired. Hearings shall be conducted in accordance with the provisions of Rule 706 (which shall apply with such changes as may be appropriate under the circumstances). If a hearing is not requested, the review shall be based on written submissions and shall be conducted in a manner to be determined by the BCC Panel.

(ii) If after a hearing or review based on written submissions pursuant to clause (i) above the BCC Panel determines that the conduct serving as the basis for the action under review is in violation of that provision of the Rules of the Exchange the violation of which has been charged, the BCC Panel (A) may impose any one or more of the disciplinary sanctions authorized by the Rules of the Exchange and (B) shall impose a forum fee against the Person charged in the amount of one hundred dollars (\$100) if the determination was reached without a hearing, or in the amount of three hundred dollars (\$300) if a hearing was conducted. Notwithstanding the foregoing, in the event that the BCC Panel determines that the Person charged committed one or more violations of Rules of the Exchange and the sole disciplinary sanction imposed by the BCC Panel for such violations is a fine which is less than the total fine initially imposed by the Exchange pursuant to this Rule 714, the BCC Panel shall have discretion to waive the imposition of a forum fee.

(iii) In the event that a fine imposed pursuant to this Rule 714 is upheld by a BCC Panel, such fine, plus interest thereon, at a rate from time to time specified by the Exchange for such purpose, from and including the date specified in clause (b)(iv) of this Rule 714, shall be immediately due and payable.

(d) The Exchange shall specify in clause (f) of this Rule 714 the types of violations of Rules of the Exchange that will be considered minor rule violations for purposes of this Rule 714 and a fine schedule for such violations. Any fine schedule may allow for warning letters to be issued for first-time violations or violators and shall provide for progressively larger fines for recurring violations. Nothing in this Rule 714 shall require the Exchange to impose a fine pursuant to this Rule 714 with respect to the violation of any provision of the Rules of the Exchange included in any listing of minor rule violations. In addition, the Exchange may proceed under the Exchange's formal disciplinary rules as set forth in Rules 702 through 713, rather than under this Rule 714, whenever it determines

that any violation is intentional, egregious or otherwise not minor in nature or that the number of recurring violations of a particular type within the rolling time period under the fine schedule for that type of violation warrants a formal disciplinary proceeding.

(e) For purposes of imposing fines pursuant to this Rule 714, the Exchange may aggregate individual violations of particular Rules of the Exchange and treat such violations as a single offense. In other instances, the Exchange may, if no exceptional circumstances are present, impose a fine based upon a determination that there exists a pattern or practice of violative conduct. For example, the Exchange may aggregate all similar violations found in an audit trail exam and separately aggregate all similar violations found in a single review of exception report output. The Exchange also may aggregate similar violations generally if the conduct was unintentional, there was no injury to public investors or the violations resulted from a single problem or cause that has been corrected.

Where a minor rule violation category listed in paragraph (f) below contains more than one Rule subsection, the applicable fine schedule will apply separately with respect to violations of each of those Rule subsections. Accordingly: (i) If conduct violates only one of those Rule subsections, it would be considered an offense with respect to that subsection but not with respect to the other Rule subsection(s) to which the fine schedule also applies. For example, if the same fine schedule applies to Rule subsection (a) and Rule subsection (b) and conduct violates only Rule subsection (a) for the first time in a twelve-month rolling period, that conduct would be considered a first offense under the schedule with respect to Rule subsection (a). A later violation in that period of Rule subsection (b) would be considered a first offense under the schedule with respect to Rule subsection (b). (ii) If conduct violates more than one of those Rule subsections for the first time in a twelve-month rolling period, it would be considered an offense with respect to each of those subsections. For example, if the same fine schedule applies to Rule subsection (a) and Rule subsection (b) and the same conduct violates both Rule subsection (a) and Rule subsection (b) for the first time in a twelve-month rolling period, that would be considered a first offense under the schedule with respect to Rule subsection (a) and a first offense under the schedule with respect to Rule subsection (b). If the first offense is to receive a fine under the schedule, that fine amount would be assessed twice, once in relation to Rule subsection (a) and also once in relation to Rule subsection (b).

(f) The following is a list of the rule violations subject to, and the applicable fines that may be imposed by the Exchange pursuant to, this Rule 714:

- (i) **Failure to Include an Order Entry Operator ID with Order that is Submitted to the CFE System. (Rule 303A(a))**

**Improper Use of Order Entry Operator IDs.  
(Rules 303A(b) and 303A(c))**

**Failure to Comply with Issuance, Recordkeeping and Reporting Requirements Related to Order Entry Operator IDs. (Rule 303A(d))**

<i>Number of Cumulative Violations in Any Twelve (12) Month Rolling Period</i>		<i>Fine Amount</i>
First Offense.....		Letter of Caution
Second Offense.....		\$2,500
Subsequent Offenses.....		\$10,000

**(ii) Failure to Identify Correct Customer Type Indicator Code. (Rule 403(b)(xi) and Rule 403(e)(v))**

<i>Number of Cumulative Violations in Any Twelve (12) Month Rolling Period</i>		<i>Fine Amount</i>
First Offense.....		Letter of Caution
Second Offense.....		\$2,500
Third Offense.....		\$5,000
Fourth Offense.....		\$7,500
Subsequent Offenses.....		\$10,000

**(iii) Failure to Provide Correct Account Designation. (Rule 403(b)(xiii) and Rule 403(e)(vii))**

<i>Number of Cumulative Violations in Any Twenty-Four (24) Month Rolling Period</i>		<i>Fine Amount</i>
First Offense.....		Letter of Caution
Second Offense.....		\$2,500
Subsequent Offenses.....		\$10,000

**(iv) Failure to Comply with Order Form Preparation and Recordkeeping Requirements Relating to Orders Which Cannot Be Immediately Entered into the CFE System. (Rule 403(h))**

**Failure to Maintain Front-End Audit Trail Information for All Electronic Orders Entered into the CFE System, Including Order Modifications and Cancellations. (Rule 403(i))**

<i>Number of Cumulative Violations in Any Twelve (12) Month Rolling Period</i>		<i>Fine Amount</i>
First Offense.....		Letter of Caution
Second Offense.....		\$2,500
Subsequent Offenses.....		\$10,000

(v) **Failure to Comply with Exposure Requirements When Crossing Two or More Original Orders. (Rule 407(a))**

<i>Number of Cumulative Violations in Any Twelve (12) Month Rolling Period</i>		<i>Fine Amount</i>
First Offense.....		\$5,000
Second Offense.....		\$10,000
Subsequent Offenses.....		\$15,000

(vi) **Failure to Comply with Notice Provisions for Position Accountability. (Rules 412A(c) and 412A(d))**

<i>Number of Cumulative Violations in Any Twelve (12) Month Rolling Period</i>		<i>Fine Amount</i>
First Offense.....		Letter of Caution
Second Offense.....		\$7,500
Subsequent Offenses.....		\$15,000

(vii) **Failure to Comply with Reporting Requirements for Ownership and Control Reports and Reportable Positions. (Rules 412B(a), 412B(b) and 412B(c))**

<i>Number of Cumulative Violations in Any Twelve (12) Month Rolling Period</i>		<i>Fine Amount</i>
First Offense.....		Letter of Caution
Second Offense.....		\$7,500
Subsequent Offenses.....		\$15,000

(viii) **Failure to Comply with Order Marking Requirement for Exchange of Contract for Related Position Transactions. (Rule 414(g))**

**Failure to Comply with Recordkeeping Requirement for Exchange of Contract for Related Position Transactions. (Rule 414(h))**

<i>Number of Cumulative Violations in Any Twelve (12) Month Rolling Period</i>		<i>Fine Amount</i>
First Offense.....		Letter of Caution
Second Offense.....		\$2,500
Subsequent Offenses.....		\$10,000



(ix) **Failure to Comply with Exchange of Contract for Related Position Transaction Rule Provisions Relating to Authorized Reporter. (Rule 414(i))**

<i>Number of Cumulative Violations in Any Twelve (12) Month Rolling Period</i>		<i>Fine Amount</i>
First Offense.....		Letter of Caution
Subsequent Offenses.....		\$10,000

(x) **Failure to Comply with Exchange of Contract for Related Position Transaction Reporting Requirements. (Rules 414(j), 414(k) and 414(l))**

<i>Number of Cumulative Violations in Any Twelve (12) Month Rolling Period</i>		<i>Fine Amount</i>
First Offense.....		Letter of Caution
Second Offense.....		\$7,500
Subsequent Offenses.....		\$15,000

(xi) **Failure to Comply with Order Marking Requirement for Block Trades. (Rule 415(a)(i)(A))**

**Failure to Comply with Recordkeeping Requirements for Block Trades. (Rule 415(e))**

<i>Number of Cumulative Violations in Any Twelve (12) Month Rolling Period</i>		<i>Fine Amount</i>
First Offense.....		Letter of Caution
Second Offense.....		\$2,500
Subsequent Offenses.....		\$10,000

(xii) **Failure to Comply with Minimum Size Requirement for Block Trades. (Rule 415(a)(i)(B))**

<i>Number of Cumulative Violations in Any Twelve (12) Month Rolling Period</i>		<i>Fine Amount</i>
First Offense.....		\$5,000
Second Offense.....		\$10,000
Subsequent Offenses.....		\$15,000

(xiii) **Failure to Comply with Block Trade Rule Provisions Relating to Authorized Reporter. (Rule 415(f))**

<i>Number of Cumulative Violations in Any Twelve (12) Month Rolling Period</i>		<i>Fine Amount</i>
First Offense.....		Letter of Caution
Subsequent Offenses.....		\$10,000

(xiv) **Failure to Comply with Block Trade Reporting Requirements. (Rules 415(g), 415(h), 415(i) and 415(s))**

<i>Number of Cumulative Violations in Any Twelve (12) Month Rolling Period</i>	<i>Fine Amount</i>
First Offense.....	Letter of Caution
Second Offense.....	\$7,500
Subsequent Offenses.....	\$15,000

(xv) **Failure to Provide Books and Records Within Designated Time Frame. (Rule 502 and Other CFE Rules Allowing CFE to Request Books and Records)**

<i>Number of Business Days Beyond Due Date of Request</i>	<i>Fine Amount</i>
Each Business Day Late Up Until 15 Business Days .....	\$1,000 Each Business Day
After 15 Business Days Late.....	Formal Disciplinary Proceeding

(xvi) **Failure to Obtain Access to or Utilize Risk Control Mechanisms Made Available by the Exchange. (Rule 513A(o))**

<i>Number of Cumulative Violations in Any Twelve (12) Month Rolling Period</i>	<i>Fine Amount</i>
First Offense.....	Letter of Caution
Second Offense.....	\$7,500
Subsequent Offenses.....	\$15,000

(xvii) **Failure to Connect to Exchange Disaster Recovery Systems and to Participate in Exchange and Industry Business Continuity-Disaster Recovery Testing. (Rule 513B)**

<i>Number of Cumulative Violations in Any Five (5) Year Rolling Period</i>	<i>Fine Amount</i>
First Offense	\$250
Second Offense	\$500
Third Offense	\$1,000
Subsequent Offenses	\$2,000

(xviii) **Failure to Comply with Technical and Systems Specifications or Testing Requirements. (Rule 513C)**

<i>Number of Cumulative Violations in Any Twelve (12) Month Rolling Period</i>	<i>Fine Amount</i>
First Offense	\$250
Second Offense	\$500

Third Offense	\$1,000
Subsequent Offenses	\$2,000

Amended October 17, 2012 (12-26); January 23, 2013 (13-02); May 3, 2013 (13-16); October 16, 2014 (14-21); November 24, 2014 (14-26); September 28, 2016 (15-22); February 25, 2018 (17-017); November 15, 2018 (18-025); November 19, 2018 (18-027); May 15, 2020 (20-011); July 20, 2020 (20-022); July 8, 2021 (21-015); March 2, 2022 (22-001); July 10, 2023 (23-002); December 11, 2023 (23-019).

### **715. Warning Letters**

A BCC Panel or Exchange staff may issue a warning letter to a Person concerning a violation by that Person of a Rule of the Exchange or when no rule violation by that Person has been found, such as a warning letter issued as a reminder or for educational purposes. No more than one warning letter may be issued by the Exchange to the same Person found to have committed the same rule violation within a rolling twelve month period.

Adopted October 17, 2012 (12-26).

## **CHAPTER 8 ARBITRATION**

### **801. Matters Subject to Arbitration; Incorporation by Reference**

(a) Matters subject to arbitration under this Chapter 8:

(i) Any dispute, claim or controversy for which arbitration is sought by a Customer against a Trading Privilege Holder (including Related Parties) or by a Trading Privilege Holder (including Related Parties) against a Customer, shall be arbitrated in accordance with NFA's Code of Arbitration ("Code"), provided that:

(A) The arbitration filing satisfies the timeliness requirements set forth in Section 5 and 6 of the Code;

(B) The dispute, claim or controversy arises out of any transaction executed on or subject to the Rules of the Exchange and is executed or effected through the Trading Privilege Holder;

(C) The matter does not require for adjudication the presence of essential witnesses or third parties over whom the Exchange does not have jurisdiction and who are not otherwise available, and

(D) If the claim is brought by the Trading Privilege Holder (including a Related Parties) against a Customer, the Trading Privilege Holder (including Related Parties) has satisfied the requirements of Commission Rule 166.5, if applicable, or the Customer has consented to the arbitration.

(ii) Any dispute, claim or controversy brought by a Trading Privilege Holder or Related Party against another Trading Privilege Holder or Related Party in connection with or otherwise related to the Exchange business of such parties shall be arbitrated in accordance with NFA's Member Arbitration Rules ("Member Rules"), provided the arbitration filing satisfies the timeliness requirements set forth in Sections 4 and 5 of the Member Rules.

(b) All challenges to the appropriateness of submitting a matter to arbitration under this Chapter 8 shall be decided in accordance with the Code in relation to matters brought under Rule 801(a)(i) and in accordance with the Member Rules in relation to matters brought under Rule 801(a)(ii).

(c) Notwithstanding anything to the contrary set forth in the Code and Member Rules: Trading Privilege Holders shall comply with the forum election and notice provisions set forth in Commission Regulations § 166.5(c)(3)-(5) to the extent required to do so. Parties to any matter arbitrated under this Chapter shall be provided with an opportunity for a prompt hearing under, and in accordance with,

the Code and Member Rules. The procedures for resolving an arbitration between or among parties who are Trading Privilege Holders or Related Parties shall be independent of, and shall not interfere with or delay, the resolution of Customer claims or grievances in an arbitration under this Chapter 8.

(d) Without limiting the generality of other permitted disclosure of information by the Exchange to NFA, the Exchange may disclose to NFA the contact information for a Trading Privilege Holder as it appears on the books and records of the Exchange in connection with NFA's administration of an arbitration proceeding pursuant to this Chapter 8.

(e) The Arbitration Fees set forth in NFA's Member Arbitration Rules ("Member Rules") shall apply in relation to all matters brought under Rule 801(a)(i) and Rule 801(a)(ii), except that those fees shall be assessed to the parties by the Exchange rather than by NFA and the assessment of those fees shall occur following the conclusion of NFA's administration of the arbitration proceeding.

(f) The Code and Member Rules, as they may be amended or modified from time to time, are hereby incorporated by reference into this Chapter 8.

Amended October 17, 2012 (12-26); January 1, 2015 (14-027); April 25, 2018 (18-005); January 1, 2021 (20-036).

## **802. Failure to Honor Award or Settlement**

Any Trading Privilege Holder or Authorized Trader who fails to honor an arbitral award or settlement rendered under this Chapter 8 shall be subject to disciplinary proceedings in accordance with Chapter 7.

## **CHAPTER 9**

### **RESERVED**

Amended October 31, 2017 (17-016); May 15, 2020 (20-011).

## **CHAPTER 10 CONTRACTS**

### **1001. Contract Specifications**

Each Contract shall meet such specifications, and all trading in such Contract shall be subject to such procedures and requirements, as set forth in the rules governing such Contract.

### **1002. Contract Modifications**

The specifications for, and the procedures and requirement for trading, any Contract may not be modified in any respect without prior approval of the Exchange.

## **CHAPTER 11 CLEARING**

### **1101. Clearing Member Guarantees and Clearing Corporation Restrictions**

(a) Each Trading Privilege Holder shall provide to the Exchange a letter of guarantee from a Clearing Member, in a form and manner prescribed by the Exchange, for the Trading Privilege Holder's trading activities in Exchange Contracts and access to the Exchange. This requirement shall be applicable to all Trading Privilege Holders, including all Clearing Members. Accordingly, each Clearing Member must provide to the Exchange a letter of guarantee from that Clearing Member, in a form and manner prescribed by the Exchange, for the Clearing Member's trading activities in Exchange Contracts and access to the Exchange. A Clearing Member shall guarantee and assume financial responsibility for all Exchange Contracts of each Trading Privilege Holder guaranteed by it, and shall be liable for all transactions of that Trading Privilege Holder in Exchange Contracts, in accordance with the applicable letter of guarantee. Reference in a letter of guarantee to submission of an Order or other message with a Clearing Member's clearing number shall also be deemed to reference submission of an Order or other message with an EFID that is linked to that clearing number, and reference in a letter of guarantee to the CBOE System shall be deemed to reference the CFE System.

(b) A Trading Privilege Holder may not engage in any trading activities in Exchange Contracts or access the Exchange if an effective letter of guarantee required to engage in those activities or to receive that access is not on file with the Exchange. If a Trading Privilege Holder does not have an effective letter of guarantee on file with the Exchange, the Exchange may prevent access and connectivity to the Exchange by that Trading Privilege Holder.

(c) Letters of guarantee filed with the Exchange shall remain in effect until a written notice of revocation has been filed with the Exchange Registration Services Department in a form and manner prescribed by the Exchange and the revocation becomes effective or until such time that the letter of guarantee otherwise becomes invalid pursuant to the Rules of the Exchange. A written notice of revocation shall become effective as soon as the Exchange is able to process the revocation. A revocation shall in no way relieve a Clearing Member of responsibility for transactions guaranteed prior to the effectiveness of the revocation.

(d) If the Clearing Corporation restricts the activities of a Clearing Member or suspends a Clearing Member as a Clearing Member of the Clearing Corporation, the Exchange may take action as necessary to give effect to the restriction or suspension. For example, if the Clearing Corporation restricts transactions cleared by a Clearing Member to "closing only" transactions, the Exchange may similarly restrict transactions on the Exchange for clearance by that Clearing Member as a Clearing Member of the Clearing Corporation to "closing only" transactions. Similarly, if the Clearing Corporation suspends a Clearing Member, the Exchange



may prevent access and connectivity to the Exchange by the suspended Clearing Member.

(e) If requested to do so by the Clearing Corporation, the Exchange may activate the kill switch function under Rule 513A(l) in relation to a Clearing Member and to all Orders of any Trading Privilege Holder submitted with an EFID that is linked to a clearing number for that Clearing Member.

(f) If a Clearing Member's status as a Clearing Member of the Clearing Corporation or as a Trading Privilege Holder is terminated, all letters of guarantee on file with the Exchange from that Clearing Member shall no longer be valid, effective as soon as the Exchange is able to process the invalidation of these letters of guarantee.

(g) If a Clearing Member has been suspended as a Clearing Member of the Clearing Corporation or as a Trading Privilege Holder, all existing letters of guarantee and authorization from that Clearing Member shall be invalid during the period of the suspension, effective as soon as the Exchange is able to process the invalidation of those letters of guarantee.

(h) The invalidation of a letter of guarantee shall in no way relieve the Clearing Member that issued the letter of guarantee of responsibility with respect to transactions guaranteed prior to the effectiveness of the invalidation.

(i) If a Trading Privilege Holder does not have a required letter of guarantee for a period of ninety consecutive days, the Trading Privilege Holder's Trading Privileges and status as a Trading Privilege Holder shall automatically be terminated.

(j) It is the responsibility of each Clearing Member that acts as a Clearing Member for an overnight trading session on the Exchange as defined by the Clearing Corporation ("Overnight Trading Session") to comply with any requirements of the Clearing Corporation to act in that manner ("Overnight Trading Session Requirements"). If a transaction is executed or reported to the Exchange during an Overnight Trading Session and a Clearing Member for the execution of the transaction is not in compliance with Overnight Trading Session Requirements,

(i) the transaction will be processed and given effect by the Exchange, subject to Exchange Policy and Procedure III (Resolution of Error Trades); and

(ii) the Clearing Member will be subject to appropriate disciplinary action by the Clearing Corporation in accordance with the rules of the Clearing Corporation.

Amended July 18, 2012 (12-14); May 15, 2015 (15-13); February 25, 2018 (17-017); July 10, 2023 (23-002).

### **1102. Responsibility of Trading Privilege Holders**

Each Trading Privilege Holder shall assist its Clearing Member and the Clearing Corporation in the clearing of its transactions in Contracts. Without limiting the generality of the foregoing, each Trading Privilege Holder shall: (a) provide its Clearing Member a telephone number so that such Trading Privilege Holder may be reached at any time during the day in the event that there is a discrepancy in the clearing of its transactions; and (b) be available to resolve out-trades in Contracts in which such Trading Privilege Holder executed trades on the previous day in a manner specified by the Exchange from time to time. Trading Privilege Holders may appoint one or more representatives for the foregoing purposes. If neither the Trading Privilege Holder nor any such representative is present at the time specified above, such Trading Privilege Holder's Clearing Member shall be authorized to resolve any out-trade in the manner it deems appropriate, but such resolution shall not be relevant to the determination of the liability of any party to the out-trade.

### **1103. Clearing Services**

Whenever the Exchange designates a clearing organization other than the Clearing Corporation for the clearance of Contracts with respect to which there are open positions, each Clearing Member shall, as of the close of business on the second Business Day prior to the effective date of such designation, either become a clearing member of such new organization, or cause any such open Contracts carried by it either to be transferred to a clearing member of such new clearing organization or to be liquidated.

### **1104. Rules of the Clearing Corporation**

The clearing services provided by the Clearing Corporation with respect to any Contract, and the rights and obligations of purchasers and sellers under cleared Contracts (including without limitation rights and obligations in respect of clearing and settlement, variation payments and performance at maturity, and in the case of Options, upon exercise thereof), shall be governed by the Rules of the Clearing Corporation.

### **1105. Notice of Arbitration**

In any arbitration concerning an alleged failure of any Trading Privilege Holder to honor a trade in any Contract, each party to such arbitration shall promptly provide copies of all documents filed or received in such arbitration by such party to the Clearing Member that guaranteed such party's transactions in Contracts when the trade allegedly took place.

## CHAPTER 12

### CBOE VOLATILITY INDEX FUTURES CONTRACT SPECIFICATIONS

#### 1201. Scope of Chapter

This chapter applies to trading in futures on the Cboe Volatility Index (Futures Symbol: VX and VX01 through VX53 / 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. The VX futures contract was first listed for trading on the Exchange on March 26, 2004.

Amended October 31, 2017 (17-016).

#### 1202. Contract Specifications

(a) *Multiplier.* The contract multiplier for each VX futures contract is \$1,000.00. For example, a contract size of one VX futures contract would be \$16,500 if the VIX index level were 16.5 ( $16.5 \times \$1,000.00$ ).

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

The final settlement date for a contract with the “VX” 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 “VX” 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 VX 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 VX futures are any Business Days the Exchange is open for trading.

The trading hours for VX futures contracts are set forth in the charts below, except that the trading hours in an expiring VX futures contract end at 8:00 a.m. Chicago time on its final settlement date. The trading hours for VX 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.

Type of Trading Hours	Monday – Friday
Regular	8:30 a.m. to 3:00 p.m.
Extended	3:00 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.

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 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 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, Juneteenth National Independence Day (June 19), 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:**

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

**If New Year's Day or Christmas is on a Friday:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Holiday Observed (Friday)</b>
If New Year's Day or Christmas on Friday	Extended	None
If New Year's Day or Christmas on Friday	Regular	None

**Good Friday:**

One of the following two schedules will apply when Good Friday is observed. The Exchange shall designate for each year which of these alternative schedules will be utilized in connection with the observation of Good Friday during that year.

**Good Friday Schedule Alternative 1:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Friday</b>
Good Friday	Extended	None
Good Friday	Regular	None

**Good Friday Schedule Alternative 2:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Friday</b>	<b>Monday</b>
Good Friday	Extended	5:00 p.m. (Thursday) to 8:30 a.m.*	5:00 p.m. (Sunday) to 8:30 a.m. and 3:00 p.m. to 4:00 p.m.
Good Friday	Regular	None	8:30 a.m. to 3:00 p.m.

**Juneteenth:**

<b>Type of Trading Hours</b>	<b>Holiday Observed</b>	<b>Business Day After Holiday Observed</b>
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 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 p.m.

**Independence Day:**

<b>Type of Trading Hours</b>	<b>Holiday Observed</b>	<b>Business Day After Holiday Observed</b>
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 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 p.m.

**General Holiday Provisions:**

\*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 VX 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 VX futures, they shall not be considered the declaration of a trading halt by the Exchange. Trades in VX futures made during a holiday trading session will be submitted for clearing for the next Business Day.

#### **Friday Holiday Provisions:**

The Exchange may have a Friday holiday trading session if Juneteenth or Independence Day fall on a Friday or under the Good Friday Schedule Alternative 2. In those cases:

As is the case with other holiday trading sessions, the Friday holiday trading session from 5:00 p.m. on Thursday to either 8:30 a.m. or 10:30 a.m. on Friday also applies to Trade at Settlement (“TAS”) transactions in VX futures and TAS transactions in VX futures are permitted during that time frame.

The Friday holiday trading session is part of the next Business Day on Monday. The Friday holiday trading session is not a separate Business Day. Trades in VX futures made during the Friday holiday trading session are submitted for clearing for Monday. Since the time frames between the sessions of trading hours during this Business Day are a regular feature of this schedule, they are not considered the declaration of a trading halt by the Exchange.

As is the case with other holiday trading sessions, the applicable daily settlement price is the daily settlement price for the Business Day. Accordingly, in this case, the applicable daily settlement price is determined on Monday pursuant to Rule 1202(p).

As is also the case with other holiday trading sessions, Day Orders and Quotes entered during the Friday holiday trading session persist and remain executable during the trading hours on the remainder of the Business Day, unless they are executed or canceled. Accordingly, Day Orders and Quotes entered during the Friday holiday trading session persist and remain executable during the trading hours on the remainder of the same Business Day on the Sunday and Monday following the Friday holiday trading session, unless they are executed or canceled.

#### **Market Orders:**

Market Orders for VX futures will be accepted by the Exchange during regular trading hours for VX futures following the completion of the opening process for a VX futures Contract when that Contract is in an open state for trading. Market Orders for VX futures will not be accepted by the Exchange during extended trading hours for VX futures or during any other time period outside of regular trading hours for VX futures. Any Market Orders for VX futures received by the Exchange during a time period in which the Exchange is not accepting Market Orders for VX 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 VX futures contract is 0.05 index points, which has a value of \$50.00.

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

(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 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 VX 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 VX 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, VX futures are subject to the following price limits during extended trading hours:

(A) Each VX futures Contract shall have a price limit that is 70% above the daily settlement price for that VX 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 VX 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 VX futures Contract that is at a price that is more than the Upper Price Limit for that VX futures Contract or that is less than the Lower Price Limit for that VX 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 VX Orders. The Upper Price Limit and Lower Price Limit will apply to VX Spread Orders in that each leg of a VX 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 VX futures Contract or less than the Lower Price Limit for that single leg VX 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 1202(i)(i) shall be applicable during the opening process for a VX futures Contract during extended trading hours.

(F) In calculating a Price Limit, the calculation will be rounded to the nearest minimum increment in the VX 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 VX futures Contract will be the daily settlement price of the VX futures Contract with the nearest expiration date in calendar days to the expiration date of the newly listed VX futures Contract. If there is a VX futures Contract with an earlier expiration date and a VX futures Contract with a later expiration date that each meet this criterion, the daily settlement price of the VX futures Contract with the earlier expiration date will be utilized.

(H) Notwithstanding any provisions of this Rule 1202(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 1202(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 1202(i)(i)(H). The Trade Desk will promptly issue an alert with respect to actions taken pursuant to this Rule 1202(i)(i)(H).

(ii) *Consideration of Halts and Price Limit Activation in Other Markets.* The Exchange shall take into consideration any trading halt in Cboe Volatility Index options and S&P 500 Index options traded on Cboe Options and any trading halt or price limit activation in the E-mini S&P 500 Index (“E-mini”) futures contract traded on Chicago Mercantile Exchange in determining whether or not to halt trading in VX futures under Rule 418(a)(ix) during extended trading hours.

(iii) *Circuit Breaker Halts.* Trading in VX futures contracts shall be halted pursuant to Rule 417A if there is a Level 1, 2 or 3 Market Decline, except that the halt period provided for under Rule 417A(c)(i) following a Level 1 or Level 2 Market Decline shall be 10 minutes instead of 15 minutes and the Exchange may resume trading in VX futures contracts any time after the 10-minute halt period.

\*E-Mini<sup>®</sup> is a registered trademark of Chicago Mercantile Exchange, Inc. The Exchange and VX 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 VX 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 VX futures contract is 0.005 index points.

(k) *Block Trades.* Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for the VX futures contract is 200 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 VX futures contracts (a “strip”), the minimum Block Trade quantity for the strip is 300 contracts and each leg of the strip is required to have a minimum size of 100 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 200 contracts and the other leg(s) of the spread are each required to have a minimum size of 100 contracts.

The minimum price increment for a Block Trade in the VX 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 VX 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 VX 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 VX 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 VX futures Contract for purposes of calculating the Threshold Width in that VX futures Contract.

(p) *Daily Settlement Price.* The daily settlement price for a VX futures Contract is calculated in the following manner for each Business Day:

(i) The Daily Settlement Time for VX futures is the point in time in relation to which the daily settlement price of a VX futures Contract is calculated. The Daily Settlement Time for VX futures is at the close of regular trading hours in VX futures on a Business Day (except that the Daily Settlement Time for VX futures on a Business Day that ends at 12:15 p.m. Chicago time is at 12:00 p.m. Chicago time). Accordingly, on a normal Business Day, the Daily Settlement Time for VX futures is 3:00 p.m. Chicago time.

(ii) The daily settlement price for a VX futures Contract will be the volume weighted average price (“VWAP”) during the VWAP Interval if the Qualifying Contracts Traded during the VWAP Interval is greater than or equal to the VWAP Contract Minimum.

(iii) The VWAP for a VX futures Contract is calculated in the following manner:

(A) For each Qualifying Transaction in the VX futures Contract that occurs during the VWAP Interval, the execution price is multiplied by the number of contracts traded and then multiplied by the VX futures contract multiplier of 1,000 to determine a Weighted Price for the Qualifying Transaction. The Weighted Prices of all Qualifying Transactions in the VX futures Contract during the VWAP Interval are summed to determine a Gross Weighted Price.

(B) For each Qualifying Transaction in the Corollary VXM Future that occurs during the VWAP Interval, the execution price is multiplied by the number of contracts traded and then multiplied by the VXM futures contract multiplier of 100 to determine a Weighted Price for the Qualifying Transaction. The Weighted Prices of all Qualifying Transactions in the Corollary VXM Future during the VWAP Interval are summed to determine a Gross Weighted Price.

(C) The Gross Weighted Price for Qualifying Transactions in the VX futures Contract during the VWAP Interval and the Gross Weighted Price for Qualifying Transactions in the Corollary VXM Future during the VWAP Interval are summed to determine a Total Gross Weighted Price. The Total Gross Weighted Price is divided by the Weighted Qualifying Contracts Traded during the VWAP Interval to determine the VWAP.

(iv) For purposes of determining a VWAP for a VX futures Contract:

(A) The VWAP Interval is the period of time during which the VWAP is calculated. For a VX futures Contract and a

Corollary VXM Future, the VWAP Interval is the final 30 seconds prior to the Daily Settlement Time for VX futures.

(B) The Corollary VXM Future for a VX futures Contract is the VXM futures Contract that has the same final settlement date as the VX futures Contract. A VX futures contract may not have a Corollary VXM Future, in which case there will be no Qualifying Transactions in a Corollary VXM Future for purposes of the VWAP calculation.

(C) The Weighted Qualifying Contracts Traded during the VWAP Interval for a VX futures Contract is the sum of (the number of contracts executed in that VX futures Contract during the VWAP Interval resulting from Qualifying Transactions multiplied by the VX futures contract multiplier of 1,000) and (the number of contracts executed in the Corollary VXM Future during the VWAP Interval resulting from Qualifying Transactions multiplied by the VXM futures contract multiplier of 100).

(D) The Qualifying Contracts Traded during the VWAP Interval for a VX futures Contract is the Weighted Qualifying Contracts Traded during the VWAP Interval divided by the VX futures contract multiplier of 1,000.

(E) The VWAP Contract Minimum is the minimum number of Qualifying Contracts Traded that must be executed in a VX futures Contract and/or the Corollary VXM Future during the VWAP Interval in order for the VWAP to be used as the daily settlement price. For a VX futures Contract, the VWAP Contract Minimum is a Qualifying Contracts Traded of 1.

(F) The following describes the types of transactions that constitute Qualifying Transactions:

(1) Only transactions resulting from the execution of simple Orders, including simple Order transactions that occur when simple Orders execute against a Spread Order, are included in the VWAP calculation and are counted for purposes of determining whether the VWAP Contract Minimum has been satisfied.

(2) Transactions involving the execution of a Spread Order against another Spread Order, Trade at Settlement transactions, Exchange of Contract for Related Position transactions and Block Trades are not included in the VWAP calculation and are not counted for purposes of determining whether the VWAP Contract Minimum has been satisfied.

(3) Trade busts and adjustments pursuant to Policy and Procedure III are addressed in the following manner:

(aa) If a Qualifying Transaction occurs during the VWAP Interval and is busted or adjusted during the VWAP Interval, the bust or adjustment is accounted for in the VWAP calculation and for purposes of determining whether the VWAP Contract Minimum has been satisfied.

(bb) If a Qualifying Transaction occurs outside of the VWAP Interval and is busted or adjusted during the VWAP Interval, the bust or adjustment is not taken into consideration for purposes of the VWAP calculation or determining whether the VWAP Contract Minimum has been satisfied.

(cc) If a Qualifying Transaction occurs during the VWAP Interval and is busted or adjusted after the VWAP Interval, the original transaction is included the VWAP calculation and for purposes of determining whether the VWAP Transaction Minimum has been satisfied. In this event, the Exchange may, in its sole discretion, take the bust or adjustment into consideration in determining whether to exercise its authority under paragraph (p)(viii) below and in connection with making any determination under that paragraph.

(v) If the Qualifying Contracts Traded during the VWAP Interval is less than the VWAP Contract Minimum: The daily settlement price for the VX futures Contract will be the average of the bid and the offer from the last best two-sided market in that VX futures Contract during the applicable Business Day prior to the Daily Settlement Time which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value. If a two-sided market includes either no bid or no offer, the bid or offer would be considered to have a zero value and that two-sided market would not be used for this purpose.

(vi) If the Qualifying Contracts Traded during the VWAP Interval is less than the VWAP Contract Minimum and there is no two-sided market in the VX futures Contract during the applicable Business Day prior to the Daily Settlement Time which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value: The daily settlement price for the VX futures Contract will be the daily settlement price of the VX futures Contract with the nearest expiration date

in calendar days to the expiration date of the VX futures Contract for which the daily settlement price is being determined. If there is a VX futures Contract with an earlier expiration date and a VX futures Contract with a later expiration date that each meet this criterion, the daily settlement price of the VX futures Contract with the earlier expiration date will be utilized.

(vii) 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 VX futures Contract.

(viii) The Exchange may in its sole discretion establish a daily settlement price for a VX 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)(ii) - (p)(vi) above is not a fair and reasonable reflection of the market; or

(B) there is a trading halt in the VX futures Contract or other unusual circumstance at or around the Daily Settlement Time.

The Exchange may exercise the authority in this paragraph (p)(viii) either before or after a daily settlement price determined by the parameters set forth in paragraphs (p)(ii) - (p)(vi) has initially been determined and disseminated.

(q) *Trade at Settlement Transactions.* Trade at Settlement (“TAS”) transactions pursuant to Rule 404A are permitted in VX 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 VX futures are (i) during extended trading hours, except during the extended trading hours period from 3:00 p.m. Chicago time to 4:00 p.m. Chicago time on a normal Business Day; and (ii) during regular trading hours until the Daily Settlement Time for VX futures. Accordingly, on a normal Business Day, the trading hours for all types of TAS transactions in VX futures end at 3:00 p.m. Chicago time. TAS transactions in an expiring VX 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 VX 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 VX 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 VX futures is 0.005 index points.

(r) *Price Reasonability Checks.* The Limit Order price reasonability percentage parameters designated by the Exchange for VX futures pursuant to Rule 513A(d) and the

Market Order price reasonability percentage parameters designated by the Exchange for VX futures pursuant to Rule 513A(e) shall each be 10%.

Amended March 11, 2005 (05-09); March 28, 2005 (05-11); October 17, 2005 (05-28); February 17, 2006 (06-02); February 24, 2006 (06-04); May 30, 2006 (06-09); September 26, 2006 (06-13); October 9, 2006 (06-15); October 31, 2006 (06-19); March 26, 2007 (07-01); July 3, 2007 (07-04); October 11, 2007 (07-11); December 21, 2007 (07-14); March 6, 2008 (08-01); April 10, 2008 (08-04); January 5, 2009 (08-12); January 12, 2009 (09-01); February 2, 2009 (09-02); February 23, 2009 (09-03); March 2, 2009 (09-06); June 3, 2009 (09-13); September 28, 2010 (10-08); December 10, 2010 (10-13); January 20, 2011 (11-01); February 14, 2011 (11-03); April 8, 2011 (11-10); June 20, 2011 (11-14); November 4, 2011 (11-23); December 1, 2011 (11-26); January 18, 2012 (11-31); February 21, 2012 (12-04); March 26, 2012 (12-07); May 30, 2012 (12-12); October 10, 2012 (12-23); October 17, 2012 (12-26); October 22, 2012 (12-24); February 4, 2013 (13-04); February 21, 2013 (13-07); July 18, 2013 (13-28); October 28, 2013 (13-32); November 4, 2013 (13-34); January 23, 2013 (13-44); April 2, 2014 (14-05); June 23, 2014 (14-010); August 27, 2014 (14-016); September 30, 2014 (14-020); November 18, 2014 (14-25); December 15, 2014 (14-17); December 22, 2014 (14-030); March 11, 2015 (15-005); May 4, 2015 (15-008); May 24, 2015 (15-12); July 23, 2015 (15-015); September 4, 2015 (15-023); September 24, 2015 (15-025); October 9, 2015 (15-026); December 3, 2015 (15-031); March 4, 2016 (16-002); May 29, 2016 (16-006); September 28, 2016 (15-003), (15-022), (16-005); March 3, 2017 (17-002); March 7, 2017 (17-003); May 24, 2017 (17-010); October 31, 2017 (17-016); February 25, 2018 (17-017); February 25, 2018 (18-002); July 29, 2018 (18-010); March 13, 2019 (19-003); May 24, 2019 (19-006); August 10, 2020 (20-018); October 26, 2020 (20-028); November 2, 2020 (20-029); January 25, 2021 (21-001 and 21-004); March 10, 2021 (21-006); December 6, 2021 (21-028); January 6, 2022 (21-039); August 25, 2023 (23-015).

### **1203. Settlement**

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

Clearing Members holding open positions in VX 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.

Adopted March 26, 2004 (04-10). Amended March 26, 2007 (07-01); January 20, 2011 (11-01); May 4, 2015 (15-008).



## **CHAPTER 13**

### **RESERVED**

Adopted May 18, 2004 (04-15). Amended September 30, 2004 (04-18); March 11, 2005 (05-09); March 28, 2005 (05-11); February 24, 2006 (06-04); March 15, 2007 (07-02); October 11, 2007 (07-11); March 6, 2008 (08-01); January 12, 2009 (09-01); February 23, 2009 (09-03); March 2, 2009 (09-06); June 3, 2009 (09-13); September 28, 2010 (10-08); April 8, 2011 (11-10); November 4, 2011 (11-23). Deleted October 10, 2012 (12-23). Readopted February 13, 2014 (14-01); September 11, 2014 (14-018); December 15, 2014 (14-17); December 22, 2014 (14-030); January 1, 2015 (14-033); September 24, 2015 (15-025); September 28, 2016 (15-003), (15-022). Deleted December 3, 2015 (15-030); December 3, 2017 (17-018); March 13, 2019 (19-003). Deleted April 20, 2022 (22-002).

## **CHAPTER 14**

### **CBOE AMERIBOR TERM-30 FUTURES CONTRACT SPECIFICATIONS**

#### **1401. Scope of Chapter**

This chapter applies to trading in Cboe AMERIBOR Term-30 futures (Futures Symbol: AMT1). 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. AMT1 futures were first listed for trading on the Exchange on September 13, 2021.

Readopted September 3, 2021 (21-023).

#### **1402. Contract Specifications**

(a) *Contract Expirations.* The Exchange may list for trading up to sixty near-term serial expiration months for AMT1 futures.

The contract month of an AMT1 futures contract is the calendar month that includes the final settlement date for that contract. For example, if the final settlement date of an AMT1 futures contract is on the Monday of the week of the third Wednesday in September, the contract month for that contract would be September.

(b) *Trading Unit.* The unit of trading for an AMT1 futures contract is the AMERIBOR Term-30 benchmark rate expected to be used in the determination of the final settlement value for the contract, such that each basis point of annualized interest is equal to \$25 per contract.

(c) *Multiplier.* The contract multiplier for each AMT1 futures contract is \$25 multiplied by the contract price.

(d) *Pricing Conventions.* An AMT1 futures contract price is expressed as 10,000.00 minus (the AMERIBOR Term-30 benchmark rate expected to be used in the determination of the final settlement value multiplied by 100). For example, a contract price of 9775.75 points represents an AMERIBOR Term-30 benchmark rate of 2.2425% (equivalent to 224.25 basis points). AMT1 futures contract prices are stated in decimal format out to four decimal places.

(e) *Schedule and Prohibited Order Types.* The final settlement date for an AMT1 futures contract is the Monday of the week of the third Wednesday of the contract month for that contract. If the Monday of the week of the third Wednesday of the contract month is an Exchange holiday or a Federal Reserve System holiday, the final settlement date shall be the Exchange Business Day immediately following the holiday (which would typically be the Tuesday of the week of the third Wednesday of the contract month).

The trading days for AMT1 futures are any Business Days the Exchange is open for trading.

The trading hours for AMT1 futures are set forth in the charts below. The trading hours

for AMT1 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.

<b>Type of Trading Hours</b>	<b>Monday – Friday</b>
Extended	5:00 p.m. (previous day) to 8:30 a.m.
Regular	8:30 a.m. to 3:00 p.m.
Extended	3:00 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.

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

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

<b>Type of Trading Hours</b>	<b>Thanksgiving</b>	<b>Friday</b>
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, Juneteenth National Independence Day (June 19), 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:**

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

**If New Year's Day or Christmas is on a Friday:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Holiday Observed (Friday)</b>
If New Year's Day or Christmas on Friday	Extended	None
If New Year's Day or Christmas on Friday	Regular	None

**Good Friday:**

One of the following two schedules will apply when Good Friday is observed. The Exchange shall designate for each year which of these alternative schedules will be utilized in connection with the observation of Good Friday during that year.

**Good Friday Schedule Alternative 1:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Friday</b>

Good Friday	Extended	None
Good Friday	Regular	None

**Good Friday Schedule Alternative 2:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Friday</b>	<b>Monday</b>
Good Friday	Extended	5:00 p.m. (Thursday) to 8:30 a.m.*	5:00 p.m. (Sunday) to 8:30 a.m. and 3:00 p.m. to 4:00 p.m.
Good Friday	Regular	None	8:30 a.m. to 3:00 p.m.

**Juneteenth:**

<b>Type of Trading Hours</b>	<b>Holiday Observed</b>	<b>Business Day After Holiday Observed</b>
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 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 p.m.

**Independence Day:**

<b>Type of Trading Hours</b>	<b>Holiday Observed</b>	<b>Business Day After Holiday Observed</b>
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

		3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 p.m.

**General Holiday Provisions:**

\* 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 AMT1 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 AMT1 futures, they shall not be considered the declaration of a trading halt by the Exchange. Trades in AMT1 futures made during a holiday trading session will be submitted for clearing for the next Business Day.

**Friday Holiday Provisions:**

The Exchange may have a Friday holiday trading session if Juneteenth or Independence Day fall on a Friday or under the Good Friday Schedule Alternative 2. In those cases:

The Friday holiday trading session is part of the next Business Day on Monday. The Friday holiday trading session is not a separate Business Day. Trades in AMT1 futures made during the Friday holiday trading session are submitted for clearing for Monday. Since the time frames between the sessions of trading hours during this Business Day are a regular feature of this schedule, they are not considered the declaration of a trading halt by the Exchange.

As is the case with other holiday trading sessions, the applicable daily settlement price is the daily settlement price for the Business Day. Accordingly, in this case, the applicable daily settlement price is determined on Monday pursuant to Rule 1402(s).

As is also the case with other holiday trading sessions, Day Orders and Quotes entered during the Friday holiday trading session persist and remain executable during the trading hours on the remainder of the Business Day, unless they are executed or canceled. Accordingly, Day Orders and Quotes entered during the Friday holiday trading session persist and remain executable during the trading hours on the remainder of the same Business Day on the Sunday and Monday following the Friday holiday trading session, unless they are executed or canceled.

**Market Orders:**

Market Orders for AMT1 futures contracts will not be accepted by the Exchange during regular or extended trading hours for the AMT1 futures contract. Any Market Orders for AMT1 futures contracts received by the Exchange will be automatically rejected or canceled back to the sender.

(f) *Minimum Increments.* Single leg prices in AMT1 futures and net prices of spreads in AMT1 futures may be in increments of 0.25 basis points (equal to a dollar value per minimum increment of \$6.25 per contract). The individual legs of spreads in AMT1 futures may be in increments of 0.01 basis points (equal to a dollar value per minimum increment of \$0.25 per contract).

(g) *Position Limits.* AMT1 futures are subject to position limits under Rule 412.

A person may not own or control more than 5,000 contracts net long or net short in all AMT1 futures contract expirations combined.

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

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

(h) *Termination of Trading.* Trading hours in an expiring AMT1 futures contract ends at 2:00 p.m. Chicago time on the Monday of the week of the third Wednesday of the contract month for that contract. If the Monday of the week of the third Wednesday of the contract month is an Exchange holiday or a Federal Reserve System holiday, trading hours in the expiring AMT1 futures contract will end at 2:00 p.m. Chicago time on the Exchange Business Day immediately following the holiday (which would typically be the Tuesday of the week of the third Wednesday of the contract month).

(i) *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.

(j) *Execution Priorities.* Pursuant to Rule 406(a)(i), the base allocation method of price-time priority shall apply to trading in AMT1 futures contracts.

(k) *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.

(l) *Price Limits and Halts.*

(i) *Price Limits.* Pursuant to Rule 413, AMT1 futures are subject to the following price limits during regular and extended trading hours to the extent set forth below:

(A) Each single leg AMT1 futures Contract shall have price limits that are at an initial 20% interval and subsequent 10% intervals above the AMT1 Reference Price for that AMT1 futures Contract (each an “Upper

Price Limit”) and price limits that are at an initial 20% initial and subsequent 10% intervals below the AMT1 Reference Price for that AMT1 futures Contract (each a “Lower Price Limit”). An Upper Price Limit and a Lower Price Limit may also be referred to as a “Price Limit.”

(B) Price Limits shall be in effect during the following time frames on a Business Day:

(1) When the most recent daily settlement prices for AMT1 futures Contracts were established on the calendar day of the start of that Business Day, the price limit provisions of this Rule 1402(l)(i):

(aa) shall be applicable during any opening process for each single leg AMT1 futures Contract on that Business Day, and

(bb) shall be applicable during the remainder of the Business Day,

(cc) subject to Rule 1402(1)(i)(B)(3) below.

(2) When the most recent daily settlement prices for AMT1 futures Contracts were established on an earlier calendar day than the calendar day of the start of that Business Day, the price limit provisions of this Rule 1402(l)(i):

(aa) shall not be applicable on that Business Day for a single leg AMT1 futures Contract until the AMT1 Reference Price for that Contract has been established by or following the initial opening process on that Business Day, and

(bb) shall be applicable during the remainder of that Business Day,

(cc) subject to Rule 1402(l)(i)(B)(3) below.

(3) In the event that there is a previously designated suspension period within a holiday trading session on that Business Day, the price limit provisions of this Rule 1402(l)(i):

(aa) shall not be applicable for any single leg AMT1 futures Contract following the commencement of the previously designated suspension period until the AMT1 Reference Price for that Contract has been established by or following the initial opening process after that suspension period, and



(bb) shall then be applicable during the remainder of that Business Day.

(C) The following describes the process for the adjustment of Price Limit levels during the time frames in which Price Limits are in effect on a Business Day:

(1) If during Trading Hours outside of an opening process the best bid for a single leg AMT1 futures Contract is at the initial 20% Upper Price Limit or the best offer for a single leg AMT1 futures contract is at the initial 20% Lower Price Limit, the Trade Desk will retain the Price Limit at that Price Limit level for a minimum of two additional minutes.

(2) The Trade Desk may then adjust the applicable Price Limit to the next 10% Upper Price Limit level in the case of this occurrence with an Upper Price Limit and may then adjust the applicable Price Limit to the next 10% Lower Price Limit level in the case of this occurrence with a Lower Price Limit.

(3) If during Trading Hours outside of an opening process the best bid for a single leg AMT1 futures contract is then at the next 10% Upper Price Limit or the best offer for a single leg AMT1 futures Contract is then at the next 10% Lower Price Limit, the Trade Desk will retain the Price Limit at that Price Limit level for a minimum of five additional minutes.

(4) The process described in Rule 1402(l)(i)(C)(2) and (3) will then continue for the remainder of the applicable Business Day.

(D) When Price Limits are in effect during a Business Day:

(1) 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.

(2) The CFE System will not consummate the execution of any trade that is at a price that is more than the Upper Price Limit or that is less than the Lower Price Limit.

(3) 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.

(E) Price Limits will also apply to AMT1 Spread Orders in that each leg of an AMT1 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 AMT1 futures Contract or less than the Lower Price Limit for that single leg AMT1 futures Contract.

(F) The AMT1 Reference Price for each single leg AMT1 futures Contract on a Business Day shall be determined in the following manner:

(1) For any single leg AMT1 futures Contract for which the most recent daily settlement price was established on the calendar day of the start of that Business Day, the AMT1 Reference Price will be daily settlement price of that AMT1 futures Contract on the prior Business Day (subject to Rule 1402(l)(i)(F)(3) below).

(2) For any single leg AMT1 futures Contract for which the most recent daily settlement price was established on an earlier calendar day than the calendar day of the start of that Business Day, the AMT1 Reference Price will be the first trade price of that AMT1 futures Contract established by or following the initial opening process on that Business Day (subject to Rule 1402(l)(i)(F)(3) below).

(3) If a Business Day includes a previously designated suspension period within a holiday trading session on that Business Day, the AMT1 Reference Price following the designated suspension period will be the first trade price of that AMT1 futures Contract established by or following the initial opening process after that suspension period.

(4) The first trade price of a single leg AMT1 futures Contract established by or following an opening process may be established by a trade between two single leg Orders, by a trade between a single leg Order and the leg of a Spread Order or by the leg print of a trade between two Spread Orders.

(G) The AMT1 Reference Price for a single leg AMT1 futures Contract shall be determined in the following manner when it is initially listed for trading:

(1) The AMT1 Reference Price that will be utilized for a single leg AMT1 futures Contract when it is initially listed for trading will be the AMT1 Reference Price of the single leg AMT1 futures Contract with the nearest expiration date in calendar days to the expiration date of the newly listed AMT1 futures Contract

(subject to Rule 1402(l)(i)(G)(3) below).

(2) If there is a single leg AMT1 futures Contract with an earlier expiration date and a single leg AMT1 futures Contract with a later expiration date that each meet the above criterion, the AMT1 Reference Price for the AMT1 futures Contract with the earlier expiration date will be utilized (subject to Rule 1402(l)(i)(G)(3) below).

(3) If the most recent daily settlement prices for previously listed AMT1 futures Contracts were established on an earlier calendar day than the calendar day of the initial listing of the applicable single leg AMT1 futures Contract or if no AMT1 futures Contracts were listed for trading on the date prior to the listing date of a single leg AMT1 futures Contract, the initial AMT1 Reference Price for that AMT1 futures Contract will be the first trade price of that AMT1 futures Contract established by or following the initial opening process for that AMT1 futures Contract.

(H) In calculating a Price Limit, the calculation will be rounded to the nearest minimum increment in the AMT1 futures Contract, with the midpoint between two consecutive increments rounded up.

(I) Notwithstanding any provisions of this Rule 1402(l)(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 1402(l)(i) at any time. Among others, one type of situation in which the Trade Desk may determine to modify or eliminate Price Limit parameters in this Rule 1402(l)(i) is during the last 15 minutes of trading on a Business Day. The senior person in charge of the Trade Desk may exercise the authority of the Trade Desk under Rule 1402(l)(i)(C) and this Rule 1402(l)(i)(I). The Trade Desk will promptly issue an alert with respect to actions taken pursuant to Rule 1402(l)(i)(C) or this Rule 1402(l)(i)(I).

(ii) *Consideration of Halts on American Financial Exchange.* The Exchange shall take into consideration any trading halt in the AMERIBOR overnight or thirty day unsecured loan market on American Financial Exchange, LLC in determining whether or not to halt trading in AMT1 futures under Rule 418(a)(ix).

(iii) *Inapplicability of Circuit Breaker Halts.* The provisions of Rule 417A are not applicable to AMT1 futures.

(m) *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 AMT1 futures. Any Exchange of Contract for Related Position transaction must satisfy the

requirements of CFE Rule 414.

The minimum price increment for an Exchange of Contract for Related Position transaction involving an AMT1 futures contract is 0.25 basis points.

(n) *Block Trades.* Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for AMT1 futures is 250 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 the AMT1 futures contract.

The minimum price increment for a Block Trade in the AMT1 futures contract is 0.25 basis points.

(o) *No-Bust Range.* Pursuant to Rule 416, the Exchange error trade policy may only be invoked for a trade price that is greater than 0.5% on either side of the market price of the applicable AMT1 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) *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.

(q) *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 AMT1 futures contracts at the close of trading on any trading day equal to or in excess of 25 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 AMT1 futures contracts during a single trading day or such other reportable trading volume threshold as may be designated by the Commission.

(r) *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 an AMT1 futures Contract for purposes of calculating the Threshold Width in that AMT1 futures Contract.

(s) *Daily Settlement Price.* The daily settlement price for an AMT1 futures Contract is calculated in the following manner for each Business Day:

(i) The Daily Settlement Time for AMT1 futures is the point in time in relation to which the daily settlement price of an AMT1 futures Contract is calculated. The Daily Settlement Time for AMT1 futures is at the close of regular trading hours in AMT1 futures on a Business Day (except that the Daily Settlement Time for AMT1 futures on a Business Day that ends at 12:15 p.m. Chicago time is at 12:00 p.m. Chicago time.) Accordingly, on a normal Business Day, the Daily Settlement Time for AMT1 futures is 3:00 p.m. Chicago time.

(ii) The daily settlement price for an AMT1 futures Contract is the average of the bid and the offer from the last best two-sided market in that AMT1 futures Contract during the applicable Business Day prior to the Daily Settlement Time which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value. If a two-sided market includes either no bid or no offer, the bid or offer would be considered to have a zero value and that two-sided market would not be used for this purpose.

(iii) If there is no two-sided market in the AMT1 futures Contract during the applicable Business Day prior to the Daily Settlement Time which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value, the daily settlement price for the AMT1 futures Contract will be the daily settlement price of the AMT1 futures Contract with the nearest expiration date in calendar days to the expiration date of the AMT1 futures Contract for which the daily settlement price is being determined. If there is an AMT1 futures Contract with an earlier expiration date and an AMT1 futures Contract with a later expiration date that each meet this criterion, the daily settlement price of the AMT1 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 AMT1 futures Contract.

(v) The Exchange may in its sole discretion establish a daily settlement price for an AMT1 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 (s)(ii) - (s)(iv) above is not a fair and reasonable reflection of the market; or

(B) there is a trading halt in the AMT1 futures Contract or other unusual circumstance at or around the Daily Settlement Time.

(t) *Trade at Settlement Transactions.* Trade at Settlement (“TAS”) transactions pursuant to Rule 404A are not permitted in AMT1 futures.

(u) *Price Reasonability Checks.* The Limit Order price reasonability percentage parameters designated by the Exchange for AMT1 futures pursuant to Rule 513A(d) shall

each be 10%.

Readopted September 3, 2021 (21-023). Amended December 6, 2021 (21-028).

### **1403. Settlement**

Settlement of AMT1 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 AMT1 futures contract multiplied by \$25.

Clearing Members holding open positions in AMT1 futures contracts on the final settlement date 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.

Adopted October 18, 2004. Amended March 11, 2005 (05-09); March 28, 2005 (05-11); February 17, 2006 (06-02); February 24, 2006 (06-04); October 19, 2006 (06-16). Deleted June 5, 2007 (07-03). Readopted March 2, 2009 (09-05). Amended March 5, 2009 (09-08); June 1, 2009 (09-12); September 28, 2010 (10-08); February 14, 2011 (1-03); April 8, 2011 (11-10); June 20, 2011 (11-14); November 4, 2011 (11-23); May 30, 2012 (12-12); October 10, 2012 (12-23); October 17, 2012 (12-26); February 4, 2013 (13-04); February 21, 2013 (13-07); July 18, 2013 (13-28); October 28, 2013 (13-32); November 4, 2013 (13-34). Deleted January 23, 2014 (13-44). Readopted November 13, 2014 (14-22). Amended December 22, 2014 (14-030); March 11, 2015 (15-005); May 4, 2015 (15-008); September 24, 2015 (15-025); March 4, 2016 (16-002); September 28, 2016 (15-003), (15-022), (16-005); October 31, 2017 (17-016); February 25, 2018 (17-017); March 13, 2019 (19-003); May 24, 2019 (19-006). Deleted June 8, 2020 (20-013). Readopted September 3, 2021 (21-023); January 6, 2022 (21-039).

## CHAPTER 15

### 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 Cboe® iBoxx® iShares® Bond Index futures for trading on the Exchange on the following bond indexes (“Corporate Bond Indexes” or “CB Indexes”):

iBoxx® iShares® \$ High Yield Corporate Bond Index  
iBoxx® iShares® \$ Investment Grade Corporate Bond Index

Futures on these CB Indexes are referenced in the following manner:

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

All of the futures on a particular CB Index are treated as a separate product.

The Exchange first listed CB Index futures for trading on the Exchange on September 10, 2018.

\*iBoxx® is a service mark IHS Markit Limited. iShares® is a registered trademark of BlackRock Fund Advisors and its affiliates.

#### 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 a 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 hours for CB Index futures are set forth in the charts below. The trading hours for CB Index 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 3:00 p.m.
Extended	3:00 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.

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 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 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 12:00 p.m.

**Floating Holidays and Good Friday.** The below schedules apply when the following holidays are observed: New Year’s Day, Good Friday, Juneteenth National Independence Day (June 19), 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. Regular trading hours will typically end at 12:00 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:**

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

**If New Year's Day or Christmas is on a Friday:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Holiday Observed (Friday)</b>
If New Year's Day or Christmas on Friday	Extended	None
If New Year's Day or Christmas on Friday	Regular	None

**Good Friday:**

One of the following two schedules will apply when Good Friday is observed. The Exchange shall designate for each year which of these alternative schedules will be utilized in connection with the observation of Good Friday during that year.

**Good Friday Schedule Alternative 1:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Friday</b>
Good Friday	Extended	None
Good Friday	Regular	None

**Good Friday Schedule Alternative 2:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Friday</b>	<b>Monday</b>
Good Friday	Extended	5:00 p.m. (Thursday) to 8:30 a.m.*	5:00 p.m. (Sunday) to 8:30 a.m. and 3:00 p.m. to 4:00 p.m.
Good Friday	Regular	None	8:30 a.m. to 3:00 p.m.

**Juneteenth:**

<b>Type of Trading Hours</b>	<b>Holiday Observed</b>	<b>Business Day After Holiday Observed</b>
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 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 p.m.

**Independence Day:**

<b>Type of Trading Hours</b>	<b>Holiday Observed</b>	<b>Business Day After Holiday Observed</b>
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 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 p.m.

**General Holiday Provisions:**

\* 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 CB Index 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 CB Index futures, they shall not be considered the declaration of a trading halt by the Exchange. Trades in CB Index futures made during a holiday trading session will be submitted for clearing for the next Business Day.

### **Friday Holiday Provisions:**

The Exchange may have a Friday holiday trading session if Juneteenth or Independence Day fall on a Friday or under the Good Friday Schedule Alternative 2. In those cases:

The Friday holiday trading session is part of the next Business Day on Monday. The Friday holiday trading session is not a separate Business Day. Trades in CB Index futures made during the Friday holiday trading session are submitted for clearing for Monday. Since the time frames between the sessions of trading hours during this Business Day are a regular feature of this schedule, they are not considered the declaration of a trading halt by the Exchange.

As is the case with other holiday trading sessions, the applicable daily settlement price is the daily settlement price for the Business Day. Accordingly, in this case, the applicable daily settlement price is determined on Monday pursuant to Rule 1502(p).

As is also the case with other holiday trading sessions, Day Orders and Quotes entered during the Friday holiday trading session persist and remain executable during the trading hours on the remainder of the Business Day, unless they are executed or canceled. Accordingly, Day Orders and Quotes entered during the Friday holiday trading session persist and remain executable during the trading hours on the remainder of the same Business Day on the Sunday and Monday following the Friday holiday trading session, unless they are executed or canceled.

### **Market Orders**

Market Orders for CB Index futures will not be accepted by the Exchange during regular or extended trading hours 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, in the aggregate, more than the equivalent of 10,000

contracts, net long or net short, in any CB Index Futures product, calculated by combining the total of:

- (i) the number of contracts, net long or net short, owned or controlled by the Person, in all contract expirations for that CB Index Futures product; and
- (ii) the number of contracts, net long or net short, owned or controlled by the Person, in all CB Options Contracts in any CB Options product which underlies that CB Index Futures product, calculated on a delta-adjusted (i.e., futures equivalent) basis.

The Exchange will disseminate a delta value for each CB Options Contract for each Business Day. A delta value is a calculation of the expected change in the price of a CB Options Contract given a \$1.00 change in the price of the CB Index Futures Contract which underlies that CB Options Contract. For purposes of applying the aggregate position limit for CB Index Futures and CB Options, the size of a CB Options Contract shall be deemed to be equivalent to the percentage of one CB Index Futures Contract which underlies that CB Options Contract represented by the delta value of the CB Options Contract. A long call/short put CB Options position is treated as equivalent to a long CB Index Futures position for this purpose and a long put/short call CB Options position is treated as equivalent to a short CB Index Futures position for this purpose.

If a position exceeds the position limit as a result of a CB Option assignment, the Person who owns or controls that position shall be allowed one Business Day to liquidate the excess position without being considered in violation of the position limit. Additionally, if, at the close of trading on a Business Day, a position that includes CB Options exceeds the position limit when evaluated using the CB Options delta values disseminated by the Exchange for that Business Day, but does not exceed the position limit when evaluated using the CB Options delta values disseminated by the Exchange for the previous Business Day, then the position shall not constitute a position limit violation.

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

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 3:00 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 During Extended Trading Hours.* Pursuant to Rule 413, CB Index futures are subject to the following price limits during extended trading hours:

(A) Each CB Index futures Contract shall have a price limit that is 10% above the daily settlement price for that CB Index futures Contract for the prior Business Day (an “Upper Price Limit”) and a price limit that is 10% below the daily settlement price for that CB Index 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 CB Index futures Contract that is at a price that is more than the Upper Price Limit for that CB Index futures Contract or that is less than the Lower Price Limit for that CB Index 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 CB Index futures Orders. The Upper Price Limit and Lower Price Limit will apply to CB Index futures Spread Orders in that each leg of a CB Index futures 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 CB Index futures Contract or less than the Lower Price Limit for that single leg CB Index futures Contract.

(E) The price limit provisions of this Rule 1502(i)(i) shall be applicable during the opening process for a CB Index futures Contract during extended trading hours.

(F) In calculating a Price Limit, the calculation will be rounded

to the nearest minimum increment in the CB Index 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 CB Index futures Contract will be the daily settlement price of the CB Index futures Contract with the nearest expiration date in calendar days to the expiration date of the newly listed CB Index futures Contract. If there is a CB Index futures Contract with an earlier expiration date and a 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.

(H) Notwithstanding any provisions of this Rule 1502(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 1502(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 1502(i)(i)(H). The Trade Desk will promptly issue an alert with respect to actions taken pursuant to this Rule 1502(i)(i)(H).

(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 a 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 a 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. The related position portion of an ECRP transaction involving CB Index futures must be either an exchange-traded fund or a total return swap. 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 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.

Derived Block Trades, as set forth in Rule 415(s), may be entered into in CB Index futures. A Derived Block Trade in CB Index futures may be executed as either a single leg transaction or a spread transaction.

(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 a CB Index futures product 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 a 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 a CB Index futures Contract is calculated in the following manner for each Business Day:

(i) The Daily Settlement Time for CB Index futures is the point in time in relation to which the daily settlement price of a CB Index futures Contract is calculated. The Daily Settlement Time for CB Index futures is at the close of regular trading hours in CB Index futures on a Business Day (except that the Daily

Settlement Time for CB Index futures on a Business Day that ends at 12:15 p.m. Chicago time is at 12:00 p.m. Chicago time.) Accordingly, on a normal Business Day, the Daily Settlement Time for CB Index futures is 3:00 p.m. Chicago time.

(ii) The daily settlement price for a CB Index futures Contract is the average of the bid and the offer from the last best two-sided market in that CB Index futures Contract during the applicable Business Day prior to the Daily Settlement Time which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value. If a two-sided market includes either no bid or no offer, the bid or offer would be considered to have a zero value and that two-sided market would not be used for this purpose.

(iii) If there is no two-sided market in the CB Index futures Contract during the applicable Business Day prior to the Daily Settlement Time which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value, 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 a CB Index futures Contract with an earlier expiration date and a 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 a 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)(ii) - (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 or around the Daily Settlement Time.

(q) *Trade at Settlement Transactions.* Trade at Settlement (“TAS”) transactions pursuant to Rule 404A are not permitted in CB Index futures.

(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.

Adopted March 26, 2004 (04-10). Adopted February 4, 2005 (05-04). Amended March 28, 2005 (05-11); June 20, 2005 (05-18); August 8, 2005 (05-24); February 24, 2006 (06-04). Deleted July 3, 2006 (06-10). Readopted October 2, 2006 (06-14). Amended October 11, 2007 (07-11); March 6, 2008 (08-01). Deleted November 24, 2008 (08-09). Readopted September 28, 2010 (10-07); February 14, 2011 (11-03); April 8, 2011 (11-10). Deleted June 10, 2011 (11-13). Readopted June 20, 2011 (11-13); November 4, 2011 (11-23); May 30, 2012 (12-12). Deleted October 10, 2012 (12-23). Readopted September 10, 2018 (18-017); amended October 8, 2018 (18-020); March 13, 2019 (19-003); April 1, 2019 (19-004); May 24, 2019 (19-006); March 18, 2020 (20-006); March 1, 2021 (21-002); July 10, 2023 (23-006); August 6, 2023 (23-009); December 11, 2023 (23-019); March 4, 2024 (24-003).

## **CHAPTER 16**

### **INDIVIDUAL STOCK BASED AND EXCHANGE-TRADED FUND BASED VOLATILITY INDEX SECURITY FUTURES CONTRACT SPECIFICATIONS**

#### **1601. Scope of Chapter**

This chapter applies to trading in Individual Stock Based and Exchange-Traded Fund Based Volatility Index (“Volatility Index”) security futures contracts. 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 Volatility Index security futures contract for trading on the Exchange:

Cboe Equity VIX on Apple (“VXAPL”)  
Cboe Equity VIX on Amazon (“VXAZN”)  
Cboe Equity VIX on Goldman Sachs (“VXGS”)  
Cboe Equity VIX on Google (“VXGOG”)  
Cboe Equity VIX on IBM (“VXIBM”)  
Cboe Gold ETF Volatility Index (“GVZ”)  
Cboe Crude Oil ETF Volatility Index (“OVX”)  
Cboe Emerging Markets ETF Volatility Index (“VXEEM”)  
Cboe China ETF Volatility Index (“VXFXI”)  
Cboe Brazil ETF Volatility Index (“VXEWZ”)  
Cboe Gold Miners ETF Volatility Index (“VXGDX”)  
Cboe Energy Sector ETF Volatility Index (“VXXLE”)

The Exchange first listed Volatility Index security futures contracts for trading on the Exchange on March 25, 2011.

Amended October 31, 2017 (17-016).

#### **1602. Contract Specifications**

(a) *Multiplier.* The contract multiplier for each Volatility Index futures contract is \$100. For example, a contract size of one Volatility Index futures contract would be \$1,895 if the underlying Volatility Index level were 18.95 (18.95 x \$100).

(b) *Schedule.* The Exchange may list for trading up to nine near-term serial months and up to five additional months on the February quarterly cycle for a Volatility Index futures contract.

The final settlement date for a Volatility Index futures contract shall be 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. If the third Friday of the month subsequent to expiration of the applicable Volatility Index futures contract is a Cboe Options holiday, the Final Settlement Date for the contract shall be thirty days prior to the Cboe Options business day immediately preceding that third Friday.

The trading days for a Volatility Index futures contract shall be the same as the trading days of the component options comprising the respective Volatility Index, as those days are determined by Cboe Options.

Trading Hours	Volatility Index Security Future
8:30 a.m. – 3:00 p.m. (Chicago Time)*	VXAPL VXAZN VXGS VXGOG VXIBM GVZ OVX VXFXI VXEWS VXGDZ

Trading Hours	Volatility Index Security Future
8:30 a.m. – 3:15 p.m. (Chicago Time)*	VXEEM VXXLE

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

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

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

A person may not own or control: (1) more than 30,000 contracts net long or net short in all Volatility Index futures contracts on the same Volatility Index combined; (2) more than 10,000 contracts net long or net short in the expiring futures contract month for a Volatility Index future; and (3) more than 1,000 contracts net long or net short in the expiring contract for a Volatility Index future, commencing at the start of trading hours for the Business Day immediately preceding the final settlement date for the expiring Volatility Index 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 limits 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 on a Volatility Index futures contract terminates on the business day immediately preceding the final settlement date of the Volatility Index futures contract for the relevant spot month. When the last trading day is moved because of a CFE holiday, the last trading day for an expiring Volatility Index futures contract will be the day immediately preceding the last regularly-scheduled trading day.

(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 Volatility Index 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 three seconds under Rule 407(a) at least one of the original Orders that it intends to cross.

(i) *Price Limits and Halts.* Pursuant to Rule 413, Volatility Index futures contracts are not subject to price limits.

Trading in Volatility Index futures contracts shall be halted to the extent required by Rule 417 relating to “regulatory halts.” Trading in Volatility Index futures contracts shall also be halted pursuant to Rule 417A if there is a Level 1, 2 or 3 Market Decline.

(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 Volatility Index 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 Future for Related Position involving a Volatility Index futures contract is 0.01 index points.

(k) *Block Trades.* Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for a Volatility Index futures contract is 1,000 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 months and all legs of the Block Trade are exclusively for the purchase or exclusively for the sale of a Volatility Index futures contract (a “strip”), the minimum Block Trade quantity for the strip is 1,500 contracts and each leg of the strip is required to have a minimum size of 500 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 1,000 contracts and the other leg(s) of the spread are each required to have a minimum size of 500 contracts.

The minimum price increment for a Block Trade in a Volatility Index futures contract is 0.01 index points.

No natural person associated with a Trading Privilege Holder or Authorized Trader that has knowledge of a pending Block Trade of such Trading Privilege Holder or Authorized Trader, or a Customer thereof in a Volatility Index future on the Exchange, may enter an Order or execute a transaction, whether for his or her own account or, if applicable, for the account of a Customer over which he or she has control, for or in a Volatility Index future to which such Block Trade relates until after (i) such Block Trade has been reported to and published by the Exchange and (ii) any additional time period from time to time prescribed by the Exchange in its block trading procedures or contract specifications has expired.

(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 Volatility 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 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 a Volatility 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 futures contracts in a Volatility Index futures contract 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 Volatility Index futures contract for purposes of calculating the Threshold Width in that Volatility Index futures contract.

(p) *Daily Settlement Price.* The daily settlement price for a Volatility Index futures contract is calculated in the following manner for each Business Day:

(i) The daily settlement price for a Volatility Index futures Contract is the average of the bid and the offer from the last best two-sided market in that Volatility Index futures Contract during the applicable Business Day which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value. If a two-sided market includes either no bid or no offer, the bid or offer would be considered to have a zero value and that two-sided market would not be used for this purpose.

(ii) If there is no two-sided market in the Volatility Index futures contract during the applicable Business Day which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value, the daily settlement price for the Volatility Index futures contract will be the daily settlement price of the Volatility Index futures contract with the nearest expiration date in calendar days to the expiration date of the Volatility Index futures contract for which the daily settlement price is being determined. If there is a Volatility Index futures contract with an earlier expiration date and a Volatility Index futures contract with a later expiration date that each meet this criterion, the daily settlement price of the Volatility Index futures contract with the earlier expiration date will be utilized.

(iii) 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 Volatility Index futures contract.

(iv) The Exchange may in its sole discretion establish a daily settlement price for a Volatility 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)(ii) above is not a fair and reasonable reflection of the market; or

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

(q) *Trade at Settlement Transactions.* Trade at Settlement (“TAS”) transactions are not permitted in Volatility Index Futures.

(r) *Price Reasonability Checks.* The Limit Order price reasonability percentage parameters designated by the Exchange for Volatility Index Futures pursuant to Rule 513A(d) and the Market Order price reasonability percentage

parameters designated by the Exchange for Volatility Index Futures pursuant to Rule 513A(e) shall each be 10%.

Amended October 17, 2012 (12-26); February 4, 2013 (13-04); February 21, 2013 (13-07); July 18, 2013 (13-28); December 22, 2014 (14-030); September 24, 2015 (15-025); March 4, 2016 (16-002); September 28, 2016 (15-003), (15-022); October 31, 2017 (17-016); February 25, 2018 (17-017); March 13, 2019 (19-003).

### **1603. Settlement**

Settlement of a Volatility Index futures contract 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 Volatility Index futures contract multiplied by \$100. The final settlement price of the Volatility Index futures contract will be rounded to the nearest \$0.01.

Clearing Members holding open positions in a Volatility Index futures contract 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.

### **1604. Eligibility and Maintenance Criteria for Volatility Index Futures**

Pursuant to Exchange Policy and Procedure VIII E. (Eligibility for Listing Security Futures on Securities Approved for Options Trading), the Exchange may list securities futures on the Volatility Indexes identified in Rule 1601 because the Volatility Index are eligible to underlie options traded on a national securities exchange. A Volatility Index security futures contract shall remain eligible for listing and trading on the Exchange so long as the applicable Volatility Index remains eligible to underlie options traded on a national securities exchange. If at any time a Volatility Index no longer remains eligible to underlie options traded on a national securities exchange, that Volatility Index shall be ineligible to underlie security futures and the Exchange will not open for trading any additional futures contracts on that Volatility Index until that Volatility Index becomes eligible again to underlie options traded on a national securities exchange.

Adopted July 6, 2007 (07-05). Amended October 11, 2007 (07-11); December 21, 2007 (07-14); March 6, 2008 (08-01); January 12, 2009 (09-01); February 2, 2009 (09-02); February 23, 2009 (09-03); March 2, 2009 (09-06); June 3, 2009 (09-13); December 28, 2009 (09-19). Deleted February 19, 2010 (10-02). Readopted March 25, 2011 (11-06). Amended January 9, 2012 (11-28); February 21, 2012 (12-02); June 30, 2014 (14-15); December 15, 2014 (14-17).

## 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 August 10, 2020.

Adopted August 20, 2020 (20-018).

#### 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.



Type of Trading Hours	Monday – Friday
Regular	8:30 a.m. to 3:00 p.m.
Extended	3:00 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.

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 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 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, Juneteenth National Independence Day (June 19), 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:**

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

**If New Year's Day or Christmas is on a Friday:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Holiday Observed (Friday)</b>
If New Year's Day or Christmas on Friday	Extended	None
If New Year's Day or Christmas on Friday	Regular	None

**Good Friday:**

One of the following two schedules will apply when Good Friday is observed. The Exchange shall designate for each year which of these alternative schedules will be utilized in connection with the observation of Good Friday during that year.

**Good Friday Schedule Alternative 1:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Friday</b>
Good Friday	Extended	None
Good Friday	Regular	None

**Good Friday Schedule Alternative 2:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Friday</b>	<b>Monday</b>
Good Friday	Extended	5:00 p.m. (Thursday) to 8:30 a.m.*	5:00 p.m. (Sunday) to 8:30 a.m. and 3:00 p.m. to 4:00 p.m.
Good Friday	Regular	None	8:30 a.m. to 3:00 p.m.

**Juneteenth:**

<b>Type of Trading Hours</b>	<b>Holiday Observed</b>	<b>Business Day After Holiday Observed</b>
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 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 p.m.

**Independence Day:**

<b>Type of Trading Hours</b>	<b>Holiday Observed</b>	<b>Business Day After Holiday Observed</b>
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 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 p.m.

**General Holiday Provisions:**

\*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.

#### **Friday Holiday Provisions:**

The Exchange may have a Friday holiday trading session if Juneteenth or Independence Day fall on a Friday or under the Good Friday Schedule Alternative 2. In those cases:

As is the case with other holiday trading sessions, the Friday holiday trading session from 5:00 p.m. on Thursday to either 8:30 a.m. or 10:30 a.m. on Friday also applies to Trade at Settlement (“TAS”) transactions in VXM futures and TAS transactions in VXM futures are permitted during that time frame.

The Friday holiday trading session is part of the next Business Day on Monday. The Friday holiday trading session is not a separate Business Day. Trades in VXM futures made during the Friday holiday trading session are submitted for clearing for Monday. Since the time frames between the sessions of trading hours during this Business Day are a regular feature of this schedule, they are not considered the declaration of a trading halt by the Exchange.

As is the case with other holiday trading sessions, the applicable daily settlement price is the daily settlement price for the Business Day. Accordingly, in this case, the applicable daily settlement price is determined on Monday pursuant to Rule 1702(p).

As is also the case with other holiday trading sessions, Day Orders and Quotes entered during the Friday holiday trading session persist and remain executable during the trading hours on the remainder of the Business Day, unless they are executed or canceled. Accordingly, Day Orders and Quotes entered during the Friday holiday trading session persist and remain executable during the trading hours on the remainder of the same Business Day on the Sunday and Monday following the Friday holiday trading session, unless they are executed or canceled.

#### **Market Orders:**

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 0.01 index points, which has a value of \$1.00.

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, except that the halt period provided for under Rule 417A(c)(i) following a Level 1 or Level 2 Market Decline shall be 10 minutes instead of 15 minutes and the Exchange may resume trading in VXM futures contracts any time after the 10-minute halt period.

\*E-Mini<sup>®</sup> 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 3:00 p.m. Chicago time to 4:00 p.m. Chicago time on a normal Business Day; and (ii) during regular trading hours until the Daily Settlement Time for VX futures. Accordingly, on a normal Business Day, the trading hours for all types of TAS transactions in VXM futures end at 3:00 p.m. Chicago time. 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%.

Adopted August 20, 2020 (20-018). Amended October 26, 2020 (20-028); November 2, 2020 (20-029); October 2, 2022 (22-010).

### **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.

Chapter adopted April 25, 2005 (05-14). Amended February 17, 2006 (06-02); February 24, 2006 (06-04); September 26, 2006 (06-13); October 9, 2006 (2006-15); March 26, 2007 (07-01); July 3, 2007 (07-04); October 11, 2007 (07-11); December 21, 2007 (07-14); March 6, 2008 (08-01); January 12, 2009 (09-01); February 2, 2009 (09-02); February 23, 2009 (09-03); March 2, 2009 (09-06); June 3, 2009 (09-13). Deleted August 13, 2009 (09-14). Readopted May 23, 2012 (12-10). Amended October 17, 2012 (12-26); February 4, 2013 (13-04); February 21, 2013 (13-07); July 18, 2013 (13-28); September 11, 2014 (14-018); December 15, 2014 (14-17); December 22, 2014 (14-030); September 24, 2015 (15-025); September 28, 2016 (15-003), (15-022). Deleted December 3, 2015 (15-030). Readopted August 10, 2020 (20-018). Amended January 25, 2021 (21-001); March 10, 2021 (21-006); December 6, 2021 (21-028); January 6, 2022 (21-039).

## CHAPTER 18 SINGLE STOCK FUTURES

### 1801. Scope of Chapter

This chapter applies to trading in any Contract that is a Security Future based on a single security (each, a “Single Stock Future”). The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the other Rules of the Exchange.

### 1802. Contract Specifications

- (a) *Specifications Supplements.* The general specifications set forth in this Rule 1802 shall be subject to, and qualified by, the specific terms applicable to trading, clearing or settlement of particular Single Stock Futures, as provided in supplements (each a “Specifications Supplement”) from time to time adopted by the Exchange. Each Specifications Supplement for a Single Stock Future shall be substantially in the form set forth in Rule 1806 or such other form as the Exchange may from time to time approve. No Specifications Supplement shall become effective until the Exchange has submitted to the Commission (i) a certification satisfying the requirements set forth in Commission Regulation § 41.22 and (ii) a filing satisfying the requirements set forth in Commission Regulation § 41.23, with respect to the Single Stock Future to which it relates.
- (b) *Underlying Securities.* Each Single Stock Future shall be based on an underlying security (the “Underlying Security”), which satisfies the requirements set forth in Commission Regulations § 41.21(a), as may be determined from time to time by the Exchange.
- (c) *Trading Hours; Delivery Months and Termination Dates.* Single Stock Futures shall be traded during such hours, for delivery in such months, and shall terminate on such dates, as may be determined from time to time by the Exchange.
- (d) *Trading Units.* Each Single Stock Future shall represent 100 shares of the Underlying Security.
- (e) *Minimum Price Fluctuations.* The minimum price fluctuation for each Single Stock Future shall be \$0.01 per share, which is equal to \$1.00 per Contract.
- (f) *Speculative Position Limits.* For purposes of Rule 412, the position limit applicable to positions in any Single Stock Future held during the last five trading days of an expiring Single Stock Future shall be the position limit adopted by the Exchange in accordance with Commission Regulation § 41.25. Each such position limit shall be published by the Exchange.
- (g) *Last Day of Trading.* All trading in a particular Contract shall terminate at the close of business on the termination date of such Contract.

(h) *Contract Modifications.* The specifications for a particular Single Stock Future shall be as set forth in the filing made with respect thereto pursuant to Commission Regulation § 41.23. If any U.S. governmental agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, including specifications set forth in any Specifications Supplement, such order, ruling, directive or law shall be deemed to take precedence over such specifications and become part of these Rules or of such Specification Supplement and all open and new Contracts shall be subject thereto.

(i) *Contract Adjustments.* Adjustments to Single Stock Futures related to actions or transactions by or affecting the issuer of the Underlying Securities shall be made under the circumstances and in the manner from time to time prescribed by the Clearing Corporation.

(j) *Daily Settlement Price.*

(i) The daily settlement price for each Single Stock Future Contract will be the average of the final Bid and final Offer of the Single Stock Future Contract at the close of trading. 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 Single Stock Future Contract.

(ii) If there is no bid or offer at the close of trading, then the Exchange shall set a reasonable settlement price by adjusting the average of the last bid and offer disseminated to the market and captured by an independent price reporting system during the trading day by the difference between the consolidated price of the Underlying Security at the time that the last bid or offer was quoted on the Exchange and the consolidated price of the Underlying Security at the close of regular trading hours.

(iii) Notwithstanding the above, the Exchange may in its sole discretion establish a settlement price that it deems to be a fair and reasonable reflection of the market. The Exchange will consider all relevant factors, including those discussed in this provision, when establishing such a settlement price.

(k) *Final Settlement Price.* The final settlement price of a Single Stock Future shall be calculated in accordance with paragraph (j), unless the final settlement price is fixed in accordance with the Rules and By-Laws of the Clearing Corporation.

(l) *Execution Priorities.* Pursuant to Rule 406(a)(i), the base allocation method of price-time priority shall apply to trading in each Single Stock Future. Pursuant to Rule 406(b)(iii), a DPM trade participation right priority shall overlay the price-time priority base allocation method.

(m) *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.

(n) *Price Limits.* Pursuant to Rule 413, Single Stock Futures are not subject to price limits.

(o) *Block Trades.* Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for each Single Stock Future shall be 100 contracts, unless otherwise set forth in the Specifications Supplement for that Single Stock Future. If the Block Trade is executed as a Spread Order, one leg must meet the minimum Block Trade quantity for the particular Single Stock Future and the other leg(s) must have a contract size that is reasonably related to the leg meeting the minimum Block Trade quantity.

No natural person associated with a Trading Privilege Holder or Authorized Trader that has knowledge of a pending Block Trade of such Trading Privilege Holder or Authorized Trader, or a Customer thereof in a Single Stock Future on the Exchange, may enter an Order or execute a transaction, whether for his or her own account or, if applicable, for the account of a Customer over which he or she has control, for or in the Single Stock Future to which such Block Trade relates until after (i) such Block Trade has been reported to and published by the Exchange and (ii) any additional time period from time to time prescribed by the Exchange in its block trading procedures or contract specifications has expired.

No natural person associated with a Trading Privilege Holder or Authorized Trader that has knowledge of a pending Block Trade of such Trading Privilege Holder or Authorized Trader, or a Customer thereof in a Single Stock Future on any other exchange or trading system, may enter an Order or execute a transaction on the Exchange, whether for his or her own account or, if applicable, for the account of a Customer over which he or she has control, for any Single Stock Future which has the same underlying security as the contract to which such block trade relates until after (i) such block trade is reported and published in accordance with the rules, procedures or contract specifications of such exchange or trading system and (ii) any additional time period prescribed by the Exchange in its block trading procedures or contract specifications has expired.

(p) *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 Single Stock Future 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.

(q) *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.

Amended March 6, 2008 (08-01); June 3, 2009 (09-13); February 21, 2013 (13-07); December 22, 2014 (14-030).

### **1803. Delivery**

Delivery of the Underlying Securities upon termination of a Single Stock Future, and payment of the price in respect thereof, shall be made in accordance with the Rules of the Clearing Corporation. As promptly as possible after the receipt of a notice of delivery from the Clearing Corporation with respect to a Single Stock Future held by a Trading Privilege Holder or Authorized Trader, such Trading Privilege Holder or Authorized Trader shall require the Customer to deposit the Underlying Security (in the case of a short position) or pay the aggregate price in respect thereof, in full and in cash (in the case of a long position), or in either case, if the transaction is effected in a margin account, to make the required margin deposit in accordance with the applicable regulations of the Federal Reserve Board.

### **1804. Emergencies, Acts of God and Acts of Government**

If delivery or acceptance or any precondition or requirement of either, in respect of any Single Stock Future is prevented by a strike, fire, accident, act of God, act of government or any other event or circumstance beyond the control of the parties to such Contract, the seller or buyer of such Contract shall immediately notify the Exchange. If based on such notification, the President, or any individual designated by the President and approved by the Board, determines that an Emergency exists, he or she may take such action in accordance with Rule 418 as he or she may deem necessary under the circumstances, which action shall be binding upon both parties to the Contract in question; *provided* that any action taken in accordance with this sentence shall be reviewed by the Board as soon as practicable under the circumstances, and may be revoked, suspended or modified by the Board.

### **1805. DPM Provisions**

- (a) *DPM Appointment.* A Trading Privilege Holder will be appointed to act as a DPM for each Single Stock Future pursuant to Rule 515.
- (b) *DPM Participation Right.* The DPM participation right percentage under Rule 406(b)(iii) for each Single Stock Future is 30%.

## 1806. Form of Specifications Supplement

Supplement No. \_\_\_\_

Title of Single Stock Future: \_\_\_\_\_

Underlying Security:

Type of Underlying Security:

[common stock] [American Depositary Receipt]  
[share of exchange traded fund] [trust issued  
receipt] [share of closed-end management  
investment company] [other]

Trading Hours:

Delivery Months:

Termination Dates:

Trading Unit:

100 shares of the Underlying Security

Minimum Price Fluctuation:

\$0.01 per share, equal to \$1.00 per Contract

Threshold Width:

<u>Common Stock Price</u>	<u>Threshold Width</u>
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share price < \$10	\$0.50
\$10 < share price < \$50	\$1.00
\$50 < share price	\$2.00

Position Limit:

During the last five trading days, \_\_\_\_ Contracts  
net long or short

Reportable Position:

200 Contracts

Daily Price Limit:

Minimum Block Trade Quantity:

Time Period for Reporting Block  
Trades:

Without delay, but no more than ten minutes  
after a Block Trade is negotiated.

Last Day of Trading:

Delivery Day:

Depository for Underlying  
Security:

Other Specifications:

Adopted July 26, 2005 (05-20).

## **CHAPTER 19**

### **NARROW-BASED STOCK INDEX FUTURES**

#### **1901. Scope of Chapter**

This chapter applies to trading in any Contract that is a Security Future based on a “narrow-based security index” (as such term is defined in Section 1a(25) of the CEA) (each, a “Narrow-Based Stock Index Future”). The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the other Rules of the Exchange.

#### **1902. Contract Specifications**

- (a) *Specifications Supplements.* The general specifications set forth in this Rule 1902 shall be subject to, and qualified by, the specific terms applicable to trading, clearing or settlement of particular Narrow-Based Stock Index Futures, as provided in Specifications Supplements from time to time adopted by the Exchange. Each Specifications Supplement for a Narrow-Based Stock Index Future shall be substantially in the form set forth in Rule 1906 or such other form as the Exchange may from time to time approve. No Specifications Supplement shall become effective until the Exchange has submitted to the Commission (i) a certification satisfying the requirements set forth in Commission Regulation § 41.22 and (ii) a filing satisfying the requirements set forth in Commission Regulation § 41.23, with respect to the Narrow-Based Stock Index Future in question.
- (b) *Underlying Securities.* Narrow-Based Stock Index Futures shall be based on such indices consisting of two or more Underlying Securities, which shall satisfy the requirements set forth in Commission Regulation § 41.21(b), as may be determined from time to time by the Exchange.
- (c) *Trading Hours; Delivery Months and Termination Dates.* Narrow-Based Stock Index Futures shall be traded during such hours and for delivery in such months, and shall terminate on such dates, as may be determined from time to time by the Exchange.
- (d) *Minimum Price Fluctuations.* The minimum price fluctuation for Narrow-Based Stock Index Futures shall be \$0.01 per Contract.
- (e) *Position Limits.* For purposes of Rule 412, the position limit applicable to positions in any physically settled Narrow-Based Stock Index Future held during the last five trading days of an expiring Narrow-Based Stock Index Future shall be the position limit adopted by the Exchange in accordance with Commission Regulation § 41.25. Commission Regulation § 41.25 applies the applicable position limit with respect to Narrow-Based Stock Index Futures to the security in the Narrow-Based Stock Index Future having the lowest average daily trading volume. Each such position limit shall be published by the Exchange.



Pursuant to Rule 412(a), the Exchange shall establish speculative position limits for each cash settled Narrow-Based Stock Index Future held during the last five trading days of an expiring Narrow-Based Stock Index Future according to the following methodology:

The position limit for each cash settled Narrow-Based Stock Index Future shall be the number of contracts calculated according to formula (i) “Market Cap Position Limit” or (ii) “SSF Position Limit” below, whichever is less, rounded to the nearest multiple of 1,000 contracts; provided, however, that if formula (i) or (ii), whichever is less, calculates a number less than 500 but not less than 400 for any such Security Future, the position limit will be 1,000 contracts.

(i) “Market Cap Position Limit”

(A) The Exchange will determine the market capitalization of the Standard & Poor’s 500 index (the “S&P 500”) as of the selection date for the component securities of the index underlying the Narrow-Based Stock Index Future (the “Selection Date”) (the “S&P 500 Market Cap”);

(B) then

(C) The Exchange will calculate the notional value of a future position in Chicago Mercantile Exchange’s (“CME”) S&P 500 futures contract at its maximum limit (the “S&P 500 Notional Value Limit”) by multiplying the S&P 500 by the position limit for CME’s S&P 500 futures (20,000 contracts in all months combined) and by the S&P 500 contract multiplier (\$250) to calculate:

(D)  $\text{S\&P 500 Notional Value Limit} = \text{S\&P 500} * 20,000 * \$250;$

(E) then

(F) The Exchange will divide the S&P 500 Market Cap by the S&P 500 Notional Value Limit to calculate the “Market Cap Ratio”:

(G)  $\text{Market Cap Ratio} = \text{S\&P 500 Market Cap} / \text{S\&P 500 Notional Value Limit};$

(H) then

(I) The Exchange will calculate the market capitalization of the stock index underlying the Narrow-Based Stock Index Future by adding together the market capitalization of each stock comprising the stock index (the “Stock Index Market Cap”); then

(J) The Exchange will calculate the notional value of the Narrow-Based Stock Index Future (the “Notional Value”) as follows:

(K)  $\text{Notional Value} = \text{Level of index underlying Narrow-Based Stock Index Future} * \text{contract multiplier}$

(L) The Exchange will calculate the Market Cap Position Limit of the Narrow-Based Stock Index Future by dividing the Stock Index Market Cap by the product of the Notional Value of the Narrow-Based Stock Index Future and the Market Cap Ratio:

(M)  $\text{Market Cap Position Limit} = \text{Stock Index Market Cap} /$

(N)  $\text{Notional Value} * \text{Market Cap Ratio}$

(ii) “SSF Position Limit”

(A) The Exchange will calculate the notional value of the Narrow-Based Stock Index Future (same as (i)(E) above):

(B)  $\text{Notional Value} = \text{Level of index underlying Narrow-Based Stock Index Future} * \text{contract multiplier}$

(C) For each component security in the index underlying the Narrow-Based Stock Index Future, the Exchange will multiply its index weight<sup>1</sup> by the Notional Value to determine that security’s proportion of the Narrow-Based Stock Index Future.

(D) For each component security, the Exchange will divide the result in (ii)(B) by the security’s price. This equals the number of shares of that security represented in the Narrow-Based Stock Index Futures contract.

(E) For each component security, the Exchange will divide the number of shares calculated in (ii)(C) by 100 to obtain the implied number of 100-share contracts per Narrow-Based Stock Index Futures contract.

(F) The Exchange will divide the applicable single stock futures contract speculative position limit set in Commission Regulation § 41.25(a)(3) (either 13,500 or 22,500 contracts) by the number of implied 100-share contracts. This provides the number of Narrow-Based Stock Index Futures contracts that could be held without violating the speculative position limit on a futures contract

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<sup>1</sup> Index weight of the component security = (assigned shares \* price) of the component security/the sum of (assigned shares \* price) for each component security.

on that component security (if such single stock futures contract existed). If the security qualifies for position accountability, ignore that security for purposes of this calculation.

(G) The Exchange will list the results of (ii)(D) and (ii)(E). The SSF Position Limit is the minimum number of implied contracts based on this list.

(f) *Last Day of Trading.* All trading in a particular Contract shall terminate at the close of the last Business Day preceding the termination date of such Contract.

(g) *Contract Modifications.* The specifications for a particular Narrow-Based Stock Index Future shall be as set forth in the filing made with respect thereto pursuant to Commission Regulation § 41.23. If any U.S. governmental agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, including specifications set forth in any specifications supplement, 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.

(h) *Contract Adjustments.* Adjustments to Narrow-Based Stock Index Futures related to actions or transactions by or affecting any issuer of Underlying Securities shall be made under the circumstances and in the manner from time to time prescribed by the Clearing Corporation.

(i) *Settlement Price.*

(I) *Daily Settlement Price.* The daily settlement price for cash-settled Narrow-Based Stock Index Futures will be calculated in the same manner as Rule 1802(j).

(II) *Final Settlement Price.*

(A) The final settlement price for cash-settled Narrow-Based Stock Index Futures shall be determined on the third Friday of the contract month. If the Exchange is not open for business on the third Friday of the contract month, the final settlement price shall be determined on the Business Day prior to the third Friday of the contract month. The final settlement price for cash-settled Narrow-Based Stock Index Futures shall be based on a special opening quotation of the underlying stock index ("Stock Index").

(B) Notwithstanding subparagraph (II)(A) of this Rule, if an opening price for one or more securities underlying a Narrow-Based Stock Index Future is not readily available, the President of the Exchange or his designee for such purpose (referred to hereafter in this Rule 1902(i) as the "Designated Officer") will determine whether the security or securities are likely to open within a reasonable time.

(1) If the Designated Officer determines that one or more component securities are not likely to open within a reasonable time, then for the component security or securities which the Designated Officer determined were not likely to open within a reasonable time, the last trading price of the underlying security or securities during the most recent regular trading session for such security or securities will be used to calculate the special opening quotation.

(2) If the Designated Officer determines that the security or securities are likely to open within a reasonable time, then for the component security or securities which the Designated Officer determined were likely to open within a reasonable time, the next available opening price of such security or securities will be used to calculate the special opening quotation.

(C) For purposes of this provision:

(1) “Opening price” means the official price at which a security opened for trading during the regular trading session of the national securities exchange or national securities association that lists the security. If the security is not listed on a national securities exchange or a national securities association, then “opening price” shall mean the price at which a security opened for trading on the primary market for the security. Under this provision, if a component security is an American Depositary Receipt (“ADR”) traded on a national securities exchange or national securities association, the opening price for the ADR would be derived from the national securities exchange or national securities association that lists it.

(2) “Special opening quotation” means the Stock Index value that is derived from the sum of the opening prices of each security of the Stock Index.

(3) “Regular trading session” of a security means the normal hours for business of a national securities exchange or national securities association that lists the security.

(4) The price of a security is “not readily available” if the national securities exchange or national securities association that lists the security does not open on the day scheduled for determination of the final settlement price, or if the security does not trade on the securities exchange or national securities association that lists the security during regular trading hours.

(D) Notwithstanding any other provision of this Rule, this Rule shall not be used to calculate the final settlement price of a Narrow-Based Stock Index Future if The Option Clearing Corporation fixes the final settlement price of such Narrow-Based Stock Index Future in accordance with its rules and by-laws and as permitted by Commission Regulation § 41.25(b) and SEC Rule 6h-1(b)(3).

(j) *Execution Priorities.* Pursuant to Rule 406(a)(i), the base allocation method of price-time priority shall apply to trading in each Narrow Based Stock Index Future. Pursuant to Rule 406(b)(iii), a DPM trade participation right priority shall overlay the price-time priority base allocation method.

(k) *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.

(l) *Price Limits.* Pursuant to Rule 413, Narrow Based Stock Index Futures are not subject to price limits.

(m) *Block Trades.* Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for each Narrow Based Stock Index Future shall be 100 contracts, unless otherwise set forth in the Specifications Supplement for that Narrow Based Stock Index Future. If the Block Trade is executed as a Spread Order, one leg must meet the minimum Block Trade quantity for the particular Narrow Based Stock Index Future and the other leg(s) must have a contract size that is reasonably related to the leg meeting the minimum Block Trade quantity.

No natural person associated with a Trading Privilege Holder or Authorized Trader that has knowledge of a pending Block Trade of such Trading Privilege Holder or Authorized Trader, or a Customer thereof in a Narrow-Based Stock Index Future on the Exchange, may enter an Order or execute a transaction, whether for his or her own account or, if applicable, for the account of a Customer over which he or she has control, for or in the Narrow-Based Stock Index Future to which such Block Trade relates until after (i) such Block Trade has been reported to and published by the Exchange and (ii) any additional time period from time to time prescribed by the Exchange in its block trading procedures or contract specifications has expired.

No natural person associated with a Trading Privilege Holder or Authorized Trader that has knowledge of a pending Block Trade of such Trading Privilege Holder or Authorized Trader, or a Customer thereof in a Narrow-Based Stock Index Future on any other exchange or trading system, may enter an Order or execute a transaction on the Exchange, whether for his or her own account or, if applicable, for the account of a Customer over which he or she has control, for any Narrow-Based Stock Index Future which has the same underlying index as the contract to which such block trade relates until after (i) such block trade is reported and published in accordance with the rules, procedures or contract specifications of

such exchange or trading system and (ii) any additional time period prescribed by the Exchange in its block trading procedures or contract specifications has expired.

(n) *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 Narrow-Based Stock Index Future. 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.

(o) *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.

Amended March 6, 2008 (08-01); June 3, 2009 (09-13); February 21, 2013 (07-13); February 25, 2018 (17-017).

### **1903. Delivery**

Delivery of the Underlying Securities upon termination of a Narrow-Based Stock Index Future, and payment of the price in respect thereof, shall be made in accordance with the Rules of the Clearing Corporation. As promptly as possible after the receipt of a notice of delivery from the Clearing Corporation with respect to a Narrow-Based Stock Index Future held by a Trading Privilege Holder or Authorized Trader, such Trading Privilege Holder or Authorized Trader shall require such Customer to deposit the Underlying Securities (in the case of a short position) or pay the aggregate price in respect thereof, in full and in cash (in the case of a long position), or in either case, if the transaction is effected in a margin account, to make the required margin deposit in accordance with the applicable regulation of the Federal Reserve Board.

### **1904. Emergencies, Acts of God and Act of Government**

If delivery or acceptance, or any precondition or requirement of either, in respect of any Narrow-Based Stock Index Future is prevented by a strike, fire, accident, act of God, act of government or any other event or circumstance beyond the control of the parties to such Contract, the seller or buyer of such Contract shall immediately notify the Exchange. If based on such notification, the President, or any individual designated by the President and approved by the Board, determines that an Emergency exists, he or she may take such action in accordance with Rule 418 as he or she may deem necessary under the circumstances, which action shall be binding upon both parties to the Contract in question; *provided* that any action taken in accordance with this sentence shall be reviewed by the Board as soon as practicable under the circumstances, and may be revoked, suspended or modified by the Board.

### **1905. DPM Provisions**

- (a) *DPM Appointment.* A Trading Privilege Holder will be appointed to act as a DPM for each Narrow Based Stock Index Future pursuant to Rule 515.
- (b) *DPM Participation Right.* The DPM participation right percentage under Rule 406(b)(iii) for each Narrow Based Stock Index Future is 30%.

### **1906. Form of Specifications Supplement**

Supplement No. \_\_\_\_\_

Title of Narrow-Based Stock Index Future: \_\_\_\_\_

Underlying Securities (including  
numbers of values thereof):

Weighting Methodology:

Trading Hours:

Delivery Months:

Termination Dates:

Minimum Price Fluctuation: \$0.01 per Contract

Threshold Width:

Position Limit: During the last five trading days,      Contracts

Reportable Position:

Daily Price Limit:

Minimum Block Trade Quantity:

Time Period for Reporting Block  
Trades: Without delay, but no more than ten minutes  
after a Block Trade is negotiated

Last Day of Trading:

Delivery Day:

Depository for Underlying Security:

Other Specifications:

Adopted July 26, 2005 (05-20).

## CHAPTER 20

### CBOE THREE-MONTH AMERIBOR FUTURES CONTRACT SPECIFICATIONS

#### 2001. Scope of Chapter

This chapter applies to trading in Cboe Three-Month AMERIBOR futures (Futures Symbol: AMB3). 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. AMB3 futures were first listed for trading on the Exchange on August 16, 2019.

#### 2002. Contract Specifications

(a) *Contract Expirations.* The Exchange may list for trading up to twelve expiration months on the March quarterly cycle for AMB3 futures.

For each AMB3 futures contract, the contract month is the month in which the contract measurement quarter begins. The contract measurement quarter is the time period from (and including) the third Wednesday of the contract month to (and including) the Tuesday immediately prior to the third Wednesday of the settlement month. The settlement month is the third month following the month in which the contract measurement quarter begins and is the month that includes the final settlement date of the contract. The final settlement date is the third Wednesday of the settlement month. If the final settlement date is an Exchange holiday, the final settlement date shall be the Business Day immediately following the holiday.

(b) *Trading Unit.* The unit of trading for an AMB3 futures contract is compounded daily annualized AMERIBOR interest during the contract measurement quarter, such that each basis point of interest per year is equal to \$25 per contract. Compounded daily annualized AMERIBOR interest is expressed as an annualized interest rate which accrues on the basis of a 90-day contract measurement quarter divided by a 360-day year.

(c) *Multiplier.* The contract multiplier for each AMB3 futures contract is \$25 multiplied by the contract price. Each basis point of interest per year is equal to \$25 per contract.

(d) *Pricing Conventions.* An AMB3 futures contract price is expressed as 10,000.00 minus the product of compounded daily annualized AMERIBOR interest during the contract measurement quarter multiplied by 100. For example, a contract price of 9775.75 points represents compounded daily annualized AMERIBOR interest of 2.2425% (equivalent to 224.25 basis points). AMB3 futures contract prices are stated in decimal format out to two decimal places.

(e) *Schedule and Prohibited Order Types.* The final settlement date for an AMB3 future is the third Wednesday of the final calendar month within the contract measurement quarter for the AMB3 future. If the final settlement date is an Exchange holiday, the final settlement date shall be the Business Day immediately following the holiday.



The trading days for AMB3 futures are any Business Days the Exchange is open for trading.

The trading hours for AMB3 futures are set forth in the charts below. The trading hours for AMB3 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 3:00 p.m.
Extended	3:00 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.

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 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 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.

Type of Trading Hours	Thanksgiving	Friday

**Floating Holidays and Good Friday.** The below schedules apply when the following holidays are observed: New Year's Day, Good Friday, Juneteenth National Independence Day (June 19), 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 3:00 p.m. to 4:00 p.m. (day after holiday)
New Year's Day and Christmas	Regular	8:30 a.m. to 3:00 p.m. (day after holiday)

**If New Year's Day or Christmas is on a Friday:**

Holiday	Type of Trading Hours	Holiday Observed (Friday)
If New Year's Day or Christmas on Friday	Extended	None
If New Year's Day or Christmas on Friday	Regular	None

**Good Friday:**

One of the following two schedules will apply when Good Friday is observed. The Exchange shall designate for each year which of these alternative schedules will be utilized in connection with the observation of Good Friday during that year.

**Good Friday Schedule Alternative 1:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Friday</b>
Good Friday	Extended	None
Good Friday	Regular	None

**Good Friday Schedule Alternative 2:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Friday</b>	<b>Monday</b>
Good Friday	Extended	5:00 p.m. (Thursday) to 8:30 a.m.*	5:00 p.m. (Sunday) to 8:30 a.m. and 3:00 p.m. to 4:00 p.m.
Good Friday	Regular	None	8:30 a.m. to 3:00 p.m.

**Juneteenth:**

<b>Type of Trading Hours</b>	<b>Holiday Observed</b>	<b>Business Day After Holiday Observed</b>
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 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 p.m.

**Independence Day:**

<b>Type of Trading Hours</b>	<b>Holiday Observed</b>	<b>Business Day After Holiday Observed</b>
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 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 p.m.

### **General Holiday Provisions:**

\* 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 AMB3 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 AMB3 futures, they shall not be considered the declaration of a trading halt by the Exchange. Trades in AMB3 futures made during a holiday trading session will be submitted for clearing for the next Business Day.

### **Friday Holiday Provisions:**

The Exchange may have a Friday holiday trading session if Juneteenth or Independence Day fall on a Friday or under the Good Friday Schedule Alternative 2. In those cases:

The Friday holiday trading session is part of the next Business Day on Monday. The Friday holiday trading session is not a separate Business Day. Trades in AMB3 futures made during the Friday holiday trading session are submitted for clearing for Monday. Since the time frames between the sessions of trading hours during this Business Day are a regular feature of this schedule, they are not considered the declaration of a trading halt by the Exchange.

As is the case with other holiday trading sessions, the applicable daily settlement price is the daily settlement price for the Business Day. Accordingly, in this case, the applicable daily settlement price is determined on Monday pursuant to Rule 2002(s).

As is also the case with other holiday trading sessions, Day Orders and Quotes entered during the Friday holiday trading session persist and remain executable during the trading hours on the remainder of the Business Day, unless they are executed or canceled. Accordingly, Day Orders and Quotes entered during the Friday holiday trading session persist and remain executable during the trading hours on the remainder of the same Business Day on the Sunday and Monday following the Friday holiday trading session, unless they are executed or canceled.

### **Market Orders:**

Market Orders for AMB3 futures contracts will not be accepted by the Exchange during regular or extended trading hours for the AMB3 futures contract. Any Market Orders for AMB3 futures contracts received by the Exchange will be automatically rejected or

canceled back to the sender.

(f) *Minimum Increments.* Single leg prices in AMB3 futures and net prices of spreads in AMB3 futures may be in increments of 0.25 basis points (equal to a dollar value per minimum increment of \$6.25 per contract). The individual legs of spreads in AMB3 futures may be in increments of 0.01 basis points (equal to a dollar value per minimum increment of \$0.25 per contract).

(g) *Position Limits.* AMB3 futures are subject to position limits under Rule 412.

A person may not own or control more than 1,000 contracts net long or net short in all AMB3 futures contract expirations combined.

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

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

(h) *Termination of Trading.* Trading hours for expiring AMB3 futures contracts end at 4:00 p.m. Chicago time on the Business Day that precedes the final settlement date.

(i) *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.

(j) *Execution Priorities.* Pursuant to Rule 406(a)(i), the base allocation method of price-time priority shall apply to trading in AMB3 futures contracts.

(k) *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.

(l) *Price Limits and Halts.*

(i) *Price Limits.* Pursuant to Rule 413, AMB3 futures are subject to the following price limits during regular and extended trading hours to the extent set forth below:

(A) Each single leg AMB3 futures Contract shall have price limits that are at an initial 20% interval and subsequent 10% intervals above the AMB3 Reference Price for that AMB3 futures Contract (each an "Upper Price Limit") and price limits that are at an initial 20% interval and subsequent 10% intervals below the AMB3 Reference Price for that AMB3 futures Contract (each a "Lower Price Limit"). An Upper Price Limit and

a Lower Price Limit may also be referred to as a “Price Limit.”

(B) Price Limits shall be in effect during the following time frames on a Business Day:

(1) When the most recent daily settlement prices for AMB3 futures Contracts were established on the calendar day of the start of that Business Day, the price limit provisions of this Rule 2002(l)(i):

(aa) shall be applicable during any opening process for that AMB3 futures Contract on that Business Day, and

(bb) shall be applicable during the remainder of the Business Day,

(cc) subject to Rule 2002(1)(i)(B)(3) below.

(2) When the most recent daily settlement prices for AMB3 futures Contracts were established on an earlier calendar day than the calendar day of the start of that Business Day, the price limit provisions of this Rule 2002(l)(i):

(aa) shall not be applicable on that Business Day for a single leg AMB3 futures Contract until the AMB3 Reference Price for that Contract has been established by or following the initial opening process on that Business Day, and

(bb) shall be applicable during the remainder of that Business Day,

(cc) subject to Rule 2002(1)(i)(B)(3) below.

(3) In the event that there is a previously designated suspension period within a holiday trading session on that Business Day, the price limit provisions of this Rule 2002(l)(i):

(aa) shall not be applicable for any single leg AMB3 futures contract following the commencement of the previously designated suspension period until the AMB3 Reference Price for that AMB3 futures Contract has been established by or following the initial opening process after that suspension period, and

(bb) shall then be applicable during the remainder of that Business Day.

(C) The following describes the process for the adjustment of Price Limit levels during the time frames in which Price Limits are in effect on a Business Day:

(1) If during Trading Hours outside of an opening process the best bid for a single leg AMB3 futures Contract is at the initial 20% Upper Price Limit or the best offer for a single leg AMB3 futures contract is at the initial 20% Lower Price Limit, the Trade Desk will retain the Price Limit at that Price Limit level for a minimum of two additional minutes.

(2) The Trade Desk may then adjust the applicable Price Limit to the next 10% Upper Price Limit level in the case of this occurrence with an Upper Price Limit and may then adjust the applicable Price Limit to the next 10% Lower Price Limit level in the case of this occurrence with a Lower Price Limit.

(3) If during Trading Hours outside of an opening process the best bid for a single leg AMB3 futures contract is then at the next 10% Upper Price Limit or the best offer for a single leg AMB3 futures Contract is then at the next 10% Lower Price Limit, the Trade Desk will retain the Price Limit at that Price Limit level for a minimum of five additional minutes.

(4) The process described in Rule 2002(l)(i)(C)(2) and (3) will then continue for the remainder of the applicable Business Day.

(D) When Price Limits are in effect during a Business Day:

(1) 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.

(2) The CFE System will not consummate the execution of any trade that is at a price that is more than the Upper Price Limit or that is less than the Lower Price Limit.

(3) 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.

(E) Price Limits will also apply to AMB3 Spread Orders in that each leg of an AMB3 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 AMB3 futures Contract or less than the Lower Price Limit for that single leg AMB3 futures Contract.

(F) The AMB3 Reference Price for each single leg AMB3 futures Contract on a Business Day shall be determined in the following manner:

(1) For any single leg AMB3 futures Contract for which the most recent daily settlement price was established on the calendar day of the start of that Business Day, the AMB3 Reference Price will be daily settlement price of that AMB3 futures Contract on the prior Business Day (subject to Rule 2002(l)(i)(F)(3) below).

(2) For any single leg AMB3 futures Contract for which the most recent daily settlement price was established on an earlier calendar day than the calendar day of the start of that Business Day, the AMB3 Reference Price will be the first trade price of that AMB3 futures Contract established by or following the initial opening process on that Business Day (subject to Rule 2002(l)(i)(F)(3) below).

(3) If a Business Day includes a previously designated suspension period within a holiday trading session on that Business Day, the AMB3 Reference Price following the designated suspension period will be the first trade price of that AMB3 futures Contract established by or following the initial opening process after that suspension period.

(4) The first trade price of a single leg AMB3 futures Contract established by or following an opening process may be established by a trade between two single leg Orders, by a trade between a single leg Order and the leg of a Spread Order or by the leg print of a trade between two Spread Orders.

(G) The AMB3 Reference Price for a single leg AMB3 futures Contract shall be determined in the following manner when it is initially listed for trading:

(1) The AMB3 Reference Price that will be utilized for a single leg AMB3 futures Contract when it is initially listed for trading will be the AMB3 Reference Price of the single leg AMB3 futures Contract with the nearest expiration date in calendar days to the expiration date of the newly listed AMB3 futures Contract (subject to Rule 2002(l)(i)(G)(3) below).

(2) If there is a single leg AMB3 futures Contract with



an earlier expiration date and a single leg AMB3 futures Contract with a later expiration date that each meet the above criterion, the AMB3 Reference Price for the AMB3 futures Contract with the earlier expiration date will be utilized (subject to Rule 2002(l)(i)(G)(3) below).

(3) If the most recent daily settlement prices for previously listed AMB3 futures Contracts were established on an earlier calendar day than the calendar day of the initial listing of the applicable single leg AMB3 futures Contract or if no AMB3 futures Contracts were listed for trading on the date prior to the listing date of a single leg AMB3 futures Contract, the initial AMB3 Reference Price for that AMB3 futures Contract will be the first trade price of that AMB3 futures Contract established by or following the initial opening process for that AMB3 futures Contract.

(H) In calculating a Price Limit, the calculation will be rounded to the nearest minimum increment in the AMB3 futures Contract, with the midpoint between two consecutive increments rounded up.

(I) Notwithstanding any provisions of this Rule 2002(l)(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 2002(l)(i) at any time. Among others, one type of situation in which the Trade Desk may determine to modify or eliminate Price Limit parameters in this Rule 2002(l)(i) is during the last 15 minutes of trading on a Business Day. The senior person in charge of the Trade Desk may exercise the authority of the Trade Desk under Rule 2002(l)(i)(C) and this Rule 2002(l)(i)(I). The Trade Desk will promptly issue an alert with respect to actions taken pursuant to Rule 2002(l)(i)(C) or this Rule 2002(l)(i)(I).

(ii) *Consideration of Halts on American Financial Exchange.* The Exchange shall take into consideration any trading halt in the AMERIBOR overnight unsecured loan market on American Financial Exchange, LLC in determining whether or not to halt trading in AMB3 futures under Rule 418(a)(ix).

(iii) *Inapplicability of Circuit Breaker Halts.* The provisions of Rule 417A are not applicable to AMB3 futures.

(m) *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 AMB3 futures. Any Exchange of Contract for Related Position transaction must satisfy the requirements of CFE Rule 414.

The minimum price increment for an Exchange of Contract for Related Position transaction involving an AMB3 futures contract is 0.25 basis points.

(n) *Block Trades.* Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for AMB3 futures is 1,000 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, each leg must meet the minimum Block Trade quantity for the AMB3 futures contract.

The minimum price increment for a Block Trade in the AMB3 futures contract is 0.25 basis points.

(o) *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 AMB3 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) *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.

(q) *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 AMB3 futures contracts at the close of trading on any trading day equal to or in excess of 25 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 AMB3 futures contracts during a single trading day or such other reportable trading volume threshold as may be designated by the Commission.

(r) *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 an AMB3 futures Contract for purposes of calculating the Threshold Width in that AMB3 futures Contract.

(s) *Daily Settlement Price.* The daily settlement price for an AMB3 futures Contract is calculated in the following manner for each Business Day:

(i) The Daily Settlement Time for AMB3 futures is the point in time in relation to which the daily settlement price of an AMB3 futures Contract is calculated. The Daily Settlement Time for AMB3 futures is at the close of regular

trading hours in AMB3 futures on a Business Day (except that the Daily Settlement Time for AMB3 futures on a Business Day that ends at 12:15 p.m. Chicago time is at 12:00 p.m. Chicago time.) Accordingly, on a normal Business Day, the Daily Settlement Time for AMB3 futures is 3:00 p.m. Chicago time.

(ii) The daily settlement price for an AMB3 futures Contract is the average of the bid and the offer from the last best two-sided market in that AMB3 futures Contract during the applicable Business Day prior to the Daily Settlement Time which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value. If a two-sided market includes either no bid or no offer, the bid or offer would be considered to have a zero value and that two-sided market would not be used for this purpose.

(iii) If there is no two-sided market in the AMB3 futures Contract during the applicable Business Day prior to the Daily Settlement Time which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value, the daily settlement price for the AMB3 futures Contract will be the daily settlement price of the AMB3 futures Contract with the nearest expiration date in calendar days to the expiration date of the AMB3 futures Contract for which the daily settlement price is being determined. If there is an AMB3 futures Contract with an earlier expiration date and an AMB3 futures Contract with a later expiration date that each meet this criterion, the daily settlement price of the AMB3 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 AMB3 futures Contract.

(v) The Exchange may in its sole discretion establish a daily settlement price for an AMB3 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 (s)(ii) - (s)(iv) above is not a fair and reasonable reflection of the market; or

(B) there is a trading halt in the AMB3 futures Contract or other unusual circumstance at or around the Daily Settlement Time.

(t) *Trade at Settlement Transactions.* Trade at Settlement (“TAS”) transactions pursuant to Rule 404A are not permitted in AMB3 futures.

(u) *Price Reasonability Checks.* The Limit Order price reasonability percentage parameters designated by the Exchange for AMB3 futures pursuant to Rule 513A(d) shall each be 10%.

### **2003. Settlement**

Settlement of AMB3 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 AMB3 futures contract multiplied by \$25.

Clearing Members holding open positions in AMB3 futures contracts on the final settlement date 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.

Adopted July 6, 2007 (07-06). Deleted February 18, 2009 (08-09). Re-adopted October 27, 2011 (11-020). Deleted June 11, 2013 (13-24).

## CHAPTER 21

### CBOE AMERIBOR TERM-90 FUTURES CONTRACT SPECIFICATIONS

#### 2101. Scope of Chapter

This chapter applies to trading in Cboe AMERIBOR Term-90 futures (Futures Symbol: AMT3). 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. AMT3 futures were first listed for trading on the Exchange on January 24, 2022.

Amended October 31, 2017 (17-016). Deleted and Readopted December 20, 2021 (21-032).

#### 2102. Contract Specifications

(a) *Contract Expirations.* The Exchange may list for trading up to twenty quarterly expiration months on the March quarterly cycle for AMT3 futures.

The contract month of an AMT3 futures contract is the calendar month that includes the final settlement date for that contract. For example, if the final settlement date of an AMT3 futures contract is on the Monday of the week of the third Wednesday in September, the contract month for that contract would be September.

(b) *Trading Unit.* The unit of trading for an AMT3 futures contract is the AMERIBOR Term-90 benchmark rate expected to be reported for the final settlement date of the contract, such that each basis point of annualized interest is equal to \$25 per contract.

(c) *Multiplier.* The contract multiplier for each AMT3 futures contract is \$25 multiplied by the contract price.

(d) *Pricing Conventions.* An AMT3 futures contract price is expressed as 10,000.00 minus (the AMERIBOR Term-90 benchmark rate expected to be reported for the final settlement value multiplied by 100). For example, a contract price of 9775.75 points represents an AMERIBOR Term-90 benchmark rate of 2.2425% (equivalent to 224.25 basis points). AMT3 futures contract prices are stated in decimal format out to four decimal places.

(e) *Schedule and Prohibited Order Types.* The final settlement date for an AMT3 futures contract is the Monday of the week of the third Wednesday of the contract month for that contract. If the Monday of the week of the third Wednesday of the contract month is an Exchange holiday or a Federal Reserve System holiday, the final settlement date shall be the Exchange Business Day immediately following the holiday (which would typically be the Tuesday of the week of the third Wednesday of the contract month).

The trading days for AMT3 futures are any Business Days the Exchange is open for trading.

The trading hours for AMT3 futures are set forth in the charts below. The trading hours for AMT3 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.

<b>Type of Trading Hours</b>	<b>Monday – Friday</b>
Extended	5:00 p.m. (previous day) to 8:30 a.m.
Regular	8:30 a.m. to 3:00 p.m.
Extended	3:00 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.

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

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

<b>Type of Trading Hours</b>	<b>Thanksgiving</b>	<b>Friday</b>
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, Juneteenth National Independence Day (June 19), 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:**

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

**If New Year's Day or Christmas is on a Friday:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Holiday Observed (Friday)</b>
If New Year's Day or Christmas on Friday	Extended	None
If New Year's Day or Christmas on Friday	Regular	None

**Good Friday:**

One of the following two schedules will apply when Good Friday is observed. The Exchange shall designate for each year which of these alternative schedules will be utilized in connection with the observation of Good Friday during that year.

**Good Friday Schedule Alternative 1:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Friday</b>
Good Friday	Extended	None

Good Friday	Regular	None

**Good Friday Schedule Alternative 2:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Friday</b>	<b>Monday</b>
Good Friday	Extended	5:00 p.m. (Thursday) to 8:30 a.m.*	5:00 p.m. (Sunday) to 8:30 a.m. and 3:00 p.m. to 4:00 p.m.
Good Friday	Regular	None	8:30 a.m. to 3:00 p.m.

**Juneteenth:**

<b>Type of Trading Hours</b>	<b>Holiday Observed</b>	<b>Business Day After Holiday Observed</b>
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 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 p.m.

**Independence Day:**

<b>Type of Trading Hours</b>	<b>Holiday Observed</b>	<b>Business Day After Holiday Observed</b>
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 3:00 p.m. to 4:00 p.m.



Regular	None	8:30 a.m. to 3:00 p.m.

### **General Holiday Provisions:**

\* 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 AMT3 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 AMT3 futures, they shall not be considered the declaration of a trading halt by the Exchange. Trades in AMT3 futures made during a holiday trading session will be submitted for clearing for the next Business Day.

### **Friday Holiday Provisions:**

The Exchange may have a Friday holiday trading session if Juneteenth or Independence Day fall on a Friday or under the Good Friday Schedule Alternative 2. In those cases:

The Friday holiday trading session is part of the next Business Day on Monday. The Friday holiday trading session is not a separate Business Day. Trades in AMT3 futures made during the Friday holiday trading session are submitted for clearing for Monday. Since the time frames between the sessions of trading hours during this Business Day are a regular feature of this schedule, they are not considered the declaration of a trading halt by the Exchange.

As is the case with other holiday trading sessions, the applicable daily settlement price is the daily settlement price for the Business Day. Accordingly, in this case, the applicable daily settlement price is determined on Monday pursuant to Rule 2102(s).

As is also the case with other holiday trading sessions, Day Orders and Quotes entered during the Friday holiday trading session persist and remain executable during the trading hours on the remainder of the Business Day, unless they are executed or canceled. Accordingly, Day Orders and Quotes entered during the Friday holiday trading session persist and remain executable during the trading hours on the remainder of the same Business Day on the Sunday and Monday following the Friday holiday trading session, unless they are executed or canceled.

### **Market Orders:**

Market Orders for AMT3 futures contracts will not be accepted by the Exchange during regular or extended trading hours for the AMT3 futures contract. Any Market Orders for AMT3 futures contracts received by the Exchange will be automatically rejected or canceled back to the sender.

(f) *Minimum Increments.* Single leg prices in AMT3 futures and net prices of spreads

in AMT3 futures may be in increments of 0.25 basis points (equal to a dollar value per minimum increment of \$6.25 per contract). The individual legs of spreads in AMT3 futures may be in increments of 0.01 basis points (equal to a dollar value per minimum increment of \$0.25 per contract).

(g) *Position Limits.* AMT3 futures are subject to position limits under Rule 412.

A person may not own or control more than 5,000 contracts net long or net short in all AMT3 futures contract expirations combined.

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

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

(h) *Termination of Trading.* Trading hours in an expiring AMT3 futures contract ends at 2:00 p.m. Chicago time on the Monday of the week of the third Wednesday of the contract month for that contract. If the Monday of the week of the third Wednesday of the contract month is an Exchange holiday or a Federal Reserve System holiday, trading hours in the expiring AMT3 futures contract will end at 2:00 p.m. Chicago time on the Exchange Business Day immediately following the holiday (which would typically be the Tuesday of the week of the third Wednesday of the contract month).

(i) *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.

(j) *Execution Priorities.* Pursuant to Rule 406(a)(i), the base allocation method of price-time priority shall apply to trading in AMT3 futures contracts.

(k) *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.

(l) *Price Limits and Halts.*

(i) *Price Limits.* Pursuant to Rule 413, AMT3 futures are subject to the following price limits during regular and extended trading hours to the extent set forth below:

(A) Each single leg AMT3 futures Contract shall have price limits that are at an initial 20% interval and subsequent 10% intervals above the AMT3 Reference Price for that AMT3 futures Contract (each an "Upper Price Limit") and price limits that are at an initial 20% initial and subsequent

10% intervals below the AMT3 Reference Price for that AMT3 futures Contract (each a “Lower Price Limit”). An Upper Price Limit and a Lower Price Limit may also be referred to as a “Price Limit.”

(B) Price Limits shall be in effect during the following time frames on a Business Day:

(1) When the most recent daily settlement prices for AMT3 futures Contracts were established on the calendar day of the start of that Business Day, the price limit provisions of this Rule 2102(l)(i):

(aa) shall be applicable during any opening process for each single leg AMT3 futures Contract on that Business Day, and

(bb) shall be applicable during the remainder of the Business Day,

(cc) subject to Rule 2102(1)(i)(B)(3) below.

(2) When the most recent daily settlement prices for AMT3 futures Contracts were established on an earlier calendar day than the calendar day of the start of that Business Day, the price limit provisions of this Rule 2102(l)(i):

(aa) shall not be applicable on that Business Day for a single leg AMT3 futures Contract until the AMT3 Reference Price for that Contract has been established by or following the initial opening process on that Business Day, and

(bb) shall be applicable during the remainder of that Business Day,

(cc) subject to Rule 2102(l)(i)(B)(3) below.

(3) In the event that there is a previously designated suspension period within a holiday trading session on that Business Day, the price limit provisions of this Rule 2102(l)(i):

(aa) shall not be applicable for any single leg AMT3 futures Contract following the commencement of the previously designated suspension period until the AMT3 Reference Price for that Contract has been established by or following the initial opening process after that suspension period, and

(bb) shall then be applicable during the remainder of that Business Day.

(C) The following describes the process for the adjustment of Price Limit levels during the time frames in which Price Limits are in effect on a Business Day:

(1) If during Trading Hours outside of an opening process the best bid for a single leg AMT3 futures Contract is at the initial 20% Upper Price Limit or the best offer for a single leg AMT3 futures contract is at the initial 20% Lower Price Limit, the Trade Desk will retain the Price Limit at that Price Limit level for a minimum of two additional minutes.

(2) The Trade Desk may then adjust the applicable Price Limit to the next 10% Upper Price Limit level in the case of this occurrence with an Upper Price Limit and may then adjust the applicable Price Limit to the next 10% Lower Price Limit level in the case of this occurrence with a Lower Price Limit.

(3) If during Trading Hours outside of an opening process the best bid for a single leg AMT3 futures contract is then at the next 10% Upper Price Limit or the best offer for a single leg AMT3 futures Contract is then at the next 10% Lower Price Limit, the Trade Desk will retain the Price Limit at that Price Limit level for a minimum of five additional minutes.

(4) The process described in Rule 2102(l)(i)(C)(2) and (3) will then continue for the remainder of the applicable Business Day.

(D) When Price Limits are in effect during a Business Day:

(1) 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.

(2) The CFE System will not consummate the execution of any trade that is at a price that is more than the Upper Price Limit or that is less than the Lower Price Limit.

(3) 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.

(E) Price Limits will also apply to AMT3 Spread Orders in that each leg of an AMT3 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 AMT3 futures Contract or less than the Lower Price Limit for that single leg AMT3 futures Contract.

(F) The AMT3 Reference Price for each single leg AMT3 futures Contract on a Business Day shall be determined in the following manner:

(1) For any single leg AMT3 futures Contract for which the most recent daily settlement price was established on the calendar day of the start of that Business Day, the AMT3 Reference Price will be daily settlement price of that AMT3 futures Contract on the prior Business Day (subject to Rule 2102(l)(i)(F)(3) below).

(2) For any single leg AMT3 futures Contract for which the most recent daily settlement price was established on an earlier calendar day than the calendar day of the start of that Business Day, the AMT3 Reference Price will be the first trade price of that AMT3 futures Contract established by or following the initial opening process on that Business Day (subject to Rule 2102(l)(i)(F)(3) below).

(3) If a Business Day includes a previously designated suspension period within a holiday trading session on that Business Day, the AMT3 Reference Price following the designated suspension period will be the first trade price of that AMT3 futures Contract established by or following the initial opening process after that suspension period.

(4) The first trade price of a single leg AMT3 futures Contract established by or following an opening process may be established by a trade between two single leg Orders, by a trade between a single leg Order and the leg of a Spread Order or by the leg print of a trade between two Spread Orders.

(G) The AMT3 Reference Price for a single leg AMT3 futures Contract shall be determined in the following manner when it is initially listed for trading:

(1) The AMT3 Reference Price that will be utilized for a single leg AMT3 futures Contract when it is initially listed for trading will be the AMT3 Reference Price of the single leg AMT3 futures Contract with the nearest expiration date in calendar days to the expiration date of the newly listed AMT3 futures Contract (subject to Rule 2102(l)(i)(G)(3) below).

(2) If there is a single leg AMT3 futures Contract with an earlier expiration date and a single leg AMT3 futures Contract with a later expiration date that each meet the above criterion, the AMT3 Reference Price for the AMT3 futures Contract with the earlier expiration date will be utilized (subject to Rule 2102(l)(i)(G)(3) below).

(3) If the most recent daily settlement prices for previously listed AMT3 futures Contracts were established on an earlier calendar day than the calendar day of the initial listing of the applicable single leg AMT3 futures Contract or if no AMT3 futures Contracts were listed for trading on the date prior to the listing date of a single leg AMT3 futures Contract, the initial AMT3 Reference Price for that AMT3 futures Contract will be the first trade price of that AMT3 futures Contract established by or following the initial opening process for that AMT3 futures Contract.

(H) In calculating a Price Limit, the calculation will be rounded to the nearest minimum increment in the AMT3 futures Contract, with the midpoint between two consecutive increments rounded up.

(I) Notwithstanding any provisions of this Rule 2102(l)(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 2102(l)(i) at any time. Among others, one type of situation in which the Trade Desk may determine to modify or eliminate Price Limit parameters in this Rule 2102(l)(i) is during the last 15 minutes of trading on a Business Day. The senior person in charge of the Trade Desk may exercise the authority of the Trade Desk under Rule 2102(l)(i)(C) and this Rule 2102(l)(i)(I). The Trade Desk will promptly issue an alert with respect to actions taken pursuant to Rule 2102(l)(i)(C) or this Rule 2102(l)(i)(I).

(ii) *Inapplicability of Circuit Breaker Halts.* The provisions of Rule 417A are not applicable to AMT3 futures.

(m) *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 AMT3 futures. Any Exchange of Contract for Related Position transaction must satisfy the requirements of CFE Rule 414.

The minimum price increment for an Exchange of Contract for Related Position transaction involving an AMT3 futures contract is 0.25 basis points.

(n) *Block Trades.* Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for AMT3 futures is 250 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 the AMT3 futures contract.

The minimum price increment for a Block Trade in the AMT3 futures contract is 0.25 basis points.

(o) *No-Bust Range.* Pursuant to Rule 416, the Exchange error trade policy may only be invoked for a trade price that is greater than 0.5% on either side of the market price of the applicable AMT3 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) *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.

(q) *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 AMT3 futures contracts at the close of trading on any trading day equal to or in excess of 25 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 AMT3 futures contracts during a single trading day or such other reportable trading volume threshold as may be designated by the Commission.

(r) *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 an AMT3 futures Contract for purposes of calculating the Threshold Width in that AMT3 futures Contract.

(s) *Daily Settlement Price.* The daily settlement price for an AMT3 futures Contract is calculated in the following manner for each Business Day:

(i) The Daily Settlement Time for AMT3 futures is the point in time in relation to which the daily settlement price of an AMT3 futures Contract is calculated. The Daily Settlement Time for AMT3 futures is at the close of regular trading hours in AMT3 futures on a Business Day (except that the Daily Settlement Time for AMT3 futures on a Business Day that ends at 12:15 p.m. Chicago time is

at 12:00 p.m. Chicago time.) Accordingly, on a normal Business Day, the Daily Settlement Time for AMT3 futures is 3:00 p.m. Chicago time.

(ii) The daily settlement price for an AMT3 futures Contract is the average of the bid and the offer from the last best two-sided market in that AMT3 futures Contract during the applicable Business Day prior to the Daily Settlement Time which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value. If a two-sided market includes either no bid or no offer, the bid or offer would be considered to have a zero value and that two-sided market would not be used for this purpose.

(iii) If there is no two-sided market in the AMT3 futures Contract during the applicable Business Day prior to the Daily Settlement Time which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value, the daily settlement price for the AMT3 futures Contract will be the daily settlement price of the AMT3 futures Contract with the nearest expiration date in calendar days to the expiration date of the AMT3 futures Contract for which the daily settlement price is being determined. If there is an AMT3 futures Contract with an earlier expiration date and an AMT3 futures Contract with a later expiration date that each meet this criterion, the daily settlement price of the AMT3 futures Contract with the earlier expiration date will be utilized.

(v) 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 AMT3 futures Contract.

(vi) The Exchange may in its sole discretion establish a daily settlement price for an AMT3 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 (s)(i) - (s)(iii) above is not a fair and reasonable reflection of the market; or

(B) there is a trading halt in the AMT3 futures Contract or other unusual circumstance at or around the Daily Settlement Time.

(t) *Trade at Settlement Transactions.* Trade at Settlement ("TAS") transactions pursuant to Rule 404A are not permitted in AMT3 futures.

(u) *Price Reasonability Checks.* The Limit Order price reasonability percentage parameters designated by the Exchange for AMT3 futures pursuant to Rule 513A(d) shall each be 10%.

Adopted July 8, 2005 (05-21). Amended February 17, 2006 (06-02); February 24, 2006 (06-04). Deleted July 3, 2006 (06-10). Readopted November 18, 2013 (13-36); September 11, 2014 (14-018); December 15, 2014 (14-17); December 22, 2014 (14-030); June 30, 2015 (15-17); September 24, 2015 (15-025); December 3, 2015 (15-030); March 4, 2016 (16-002); April 18, 2016 (16-004); September 28, 2016 (15-003), (15-022), (16-005); October 31, 2017



(17-016); February 25, 2018 (17-017); February 25, 2018 (18-002); May 24, 2019 (19-006). Deleted and Readopted December 20, 2021 (21-032). Amended January 6, 2022 (21-039).

### **2103. Settlement**

Settlement of AMT3 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 AMT3 futures contract multiplied by \$25.

Clearing Members holding open positions in AMT3 futures contracts on the final settlement date 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.

Adopted November 18, 2013 (13-36); amended December 3, 2015 (15-030); March 13, 2019 (19-003). Deleted and Readopted December 20, 2021 (21-032).

### **2104. Reserved**

Adopted November 18, 2013 (13-36); amended December 3, 2015 (15-030); February 25, 2018 (17-017). Deleted December 20, 2021 (21-032).

## CHAPTER 22

### CBOE ONE-MONTH AMERIBOR FUTURES CONTRACT SPECIFICATIONS

#### 2201. Scope of Chapter

This chapter applies to trading in Cboe One-Month AMERIBOR futures (Futures Symbol: AMB1). 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. AMB1 futures were first listed for trading on the Exchange on June 8, 2020.

#### 2202. Contract Specifications

(a) *Contract Expirations.* The Exchange may list for trading up to twenty-four near-term serial expiration months for AMB1 futures.

For each AMB1 futures contract, the contract month is the month that precedes the settlement month. The settlement month is the month that immediately follows the contract month and that includes the final settlement date of the contract. The final settlement date is the first Exchange Business Day of the settlement month. If the final settlement date is an Exchange holiday, the final settlement date shall be the Business Day immediately following the holiday. The contract measurement period for an AMB1 futures contract begins on the first calendar day of the contract month and ends on the last calendar day of the contract month.

(b) *Trading Unit.* The unit of trading for an AMB1 futures contract is average daily annualized AMERIBOR interest during the contract month, such that each basis point of interest per year is equal to \$50 per contract. Average daily annualized AMERIBOR interest is expressed as an annualized interest rate which is calculated on the basis of a 30-day contract month divided by a 360-day year.

(c) *Multiplier.* The contract multiplier for each AMB1 futures contract is \$50 multiplied by the contract price. Each basis point of interest per year is equal to \$50 per contract.

(d) *Pricing Conventions.* An AMB1 futures contract price is expressed as 10,000.00 minus the product of average daily annualized AMERIBOR interest during the contract measurement period multiplied by 100. For example, a contract price of 9775.75 points represents average daily annualized AMERIBOR interest of 2.2425% (equivalent to 224.25 basis points). AMB1 futures contract prices are stated in decimal format out to two decimal places.

(e) *Schedule and Prohibited Order Types.* The final settlement date for an AMB1 future is the first Exchange Business Day of the settlement month. If the final settlement date is an Exchange holiday, the final settlement date shall be the Business Day immediately following the holiday.

The trading days for AMB1 futures are any Business Days the Exchange is open for

trading.

The trading hours for AMB1 futures are set forth in the charts below. The trading hours for AMB1 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.

<b>Type of Trading Hours</b>	<b>Monday – Friday</b>
Extended	5:00 p.m. (previous day) to 8:30 a.m.
Regular	8:30 a.m. to 3:00 p.m.
Extended	3:00 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.

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

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

<b>Type of Trading Hours</b>	<b>Thanksgiving</b>	<b>Friday</b>
Extended	5:00 p.m. (Wednesday) to 10:30 a.m.*	5:00 p.m. (Thursday) to 8:30 a.m.

<b>Type of Trading Hours</b>	<b>Thanksgiving</b>	<b>Friday</b>
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, Juneteenth National Independence Day (June 19), 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:**

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

**If New Year's Day or Christmas is on a Friday:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Holiday Observed (Friday)</b>
If New Year's Day or Christmas on Friday	Extended	None
If New Year's Day or Christmas on Friday	Regular	None

**Good Friday:**

One of the following two schedules will apply when Good Friday is observed. The Exchange shall designate for each year which of these alternative schedules will be utilized in connection with the observation of Good Friday during that year.

**Good Friday Schedule Alternative 1:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Friday</b>
Good Friday	Extended	None
Good Friday	Regular	None

**Good Friday Schedule Alternative 2:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Friday</b>	<b>Monday</b>
Good Friday	Extended	5:00 p.m. (Thursday) to 8:30 a.m.*	5:00 p.m. (Sunday) to 8:30 a.m. and 3:00 p.m. to 4:00 p.m.
Good Friday	Regular	None	8:30 a.m. to 3:00 p.m.

**Juneteenth:**

<b>Type of Trading Hours</b>	<b>Holiday Observed</b>	<b>Business Day After Holiday Observed</b>
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 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 p.m.

**Independence Day:**

<b>Type of Trading Hours</b>	<b>Holiday Observed</b>	<b>Business Day After Holiday</b>
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		<b>Observed</b>
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 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 p.m.

### **General Holiday Provisions:**

\* 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 AMB1 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 AMB1 futures, they shall not be considered the declaration of a trading halt by the Exchange. Trades in AMB1 futures made during a holiday trading session will be submitted for clearing for the next Business Day.

### **Friday Holiday Provisions:**

The Exchange may have a Friday holiday trading session if Juneteenth or Independence Day fall on a Friday or under the Good Friday Schedule Alternative 2. In those cases:

The Friday holiday trading session is part of the next Business Day on Monday. The Friday holiday trading session is not a separate Business Day. Trades in AMB1 futures made during the Friday holiday trading session are submitted for clearing for Monday. Since the time frames between the sessions of trading hours during this Business Day are a regular feature of this schedule, they are not considered the declaration of a trading halt by the Exchange.

As is the case with other holiday trading sessions, the applicable daily settlement price is the daily settlement price for the Business Day. Accordingly, in this case, the applicable daily settlement price is determined on Monday pursuant to Rule 2202(s).

As is also the case with other holiday trading sessions, Day Orders and Quotes entered during the Friday holiday trading session persist and remain executable during the trading hours on the remainder of the Business Day, unless they are executed or canceled. Accordingly, Day Orders and Quotes entered during the Friday holiday trading session persist and remain executable during the trading hours on the remainder of the same Business Day on the Sunday and Monday following the Friday holiday trading session, unless they are executed or canceled.

## Market Orders:

Market Orders for AMB1 futures contracts will not be accepted by the Exchange during regular or extended trading hours for the AMB1 futures contract. Any Market Orders for AMB1 futures contracts received by the Exchange will be automatically rejected or canceled back to the sender.

(f) *Minimum Increments.* Single leg prices in AMB1 futures and net prices of spreads in AMB1 futures may be in increments of 0.25 basis points (equal to a dollar value per minimum increment of \$12.50 per contract). The individual legs of spreads in AMB1 futures may be in increments of 0.01 basis points (equal to a dollar value per minimum increment of \$0.50 per contract).

(g) *Position Limits.* AMB1 futures are subject to position limits under Rule 412.

A person may not own or control more than 1,000 contracts net long or net short in all AMB1 futures contract expirations combined.

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

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

(h) *Termination of Trading.* Trading hours for expiring AMB1 futures contracts end at 4:00 p.m. Chicago time on the Business Day that precedes the final settlement date.

(i) *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.

(j) *Execution Priorities.* Pursuant to Rule 406(a)(i), the base allocation method of price-time priority shall apply to trading in AMB1 futures contracts.

(k) *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.

(l) *Price Limits and Halts.*

(i) *Price Limits.* Pursuant to Rule 413, AMB1 futures are subject to the following price limits during regular and extended trading hours to the extent set forth below:

(A) Each single leg AMB1 futures Contract shall have price

limits that are at an initial 20% interval and subsequent 10% intervals above the AMB1 Reference Price for that AMB1 futures Contract (each an “Upper Price Limit”) and price limits that are at an initial 20% initial and subsequent 10% intervals below the AMB1 Reference Price for that AMB1 futures Contract (each a “Lower Price Limit”). An Upper Price Limit and a Lower Price Limit may also be referred to as a “Price Limit.”

(B) Price Limits shall be in effect during the following time frames on a Business Day:

(1) When the most recent daily settlement prices for AMB1 futures Contracts were established on the calendar day of the start of that Business Day, the price limit provisions of this Rule 2202(l)(i):

(aa) shall be applicable during any opening process for that AMB1 futures Contract on that Business Day, and

(bb) shall be applicable during the remainder of the Business Day,

(cc) subject to Rule 2202(1)(i)(B)(3) below.

(2) When the most recent daily settlement prices for AMB1 futures Contracts were established on an earlier calendar day than the calendar day of the start of that Business Day, the price limit provisions of this Rule 2202(l)(i):

(aa) shall not be applicable on that Business Day for a single leg AMB1 futures Contract until the AMB1 Reference Price for that Contract has been established by or following the initial opening process on that Business Day, and

(bb) shall be applicable during the remainder of that Business Day,

(cc) subject to Rule 2202(l)(i)(B)(3) below.

(3) In the event that there is a previously designated suspension period within a holiday trading session on that Business Day, the price limit provisions of this Rule 2202(l)(i):

(aa) shall not be applicable for any single leg AMB1 futures contract following the commencement of the previously designated suspension period until the AMB1 Reference Price for that AMB1 futures Contract has been



established by or following the initial opening process after that suspension period, and

(bb) shall then be applicable during the remainder of that Business Day.

(C) The following describes the process for the adjustment of Price Limit levels during the time frames in which Price Limits are in effect on a Business Day:

(1) If during Trading Hours outside of an opening process the best bid for a single leg AMB1 futures Contract is at the initial 20% Upper Price Limit or the best offer for a single leg AMB1 futures contract is at the initial 20% Lower Price Limit, the Trade Desk will retain the Price Limit at that Price Limit level for a minimum of two additional minutes.

(2) The Trade Desk may then adjust the applicable Price Limit to the next 10% Upper Price Limit level in the case of this occurrence with an Upper Price Limit and may then adjust the applicable Price Limit to the next 10% Lower Price Limit level in the case of this occurrence with a Lower Price Limit.

(3) If during Trading Hours outside of an opening process the best bid for a single leg AMB1 futures contract is then at the next 10% Upper Price Limit or the best offer for a single leg AMB1 futures Contract is then at the next 10% Lower Price Limit, the Trade Desk will retain the Price Limit at that Price Limit level for a minimum of five additional minutes.

(4) The process described in Rule 2202(l)(i)(C)(2) and (3) will then continue for the remainder of the applicable Business Day.

(D) When Price Limits are in effect during a Business Day:

(1) 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.

(2) The CFE System will not consummate the execution of any trade that is at a price that is more than the Upper Price Limit or that is less than the Lower Price Limit.

(3) 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.

(E) Price Limits will also apply to AMB1 Spread Orders in that each leg of an AMB1 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 AMB1 futures Contract or less than the Lower Price Limit for that single leg AMB1 futures Contract.

(F) The AMB1 Reference Price for each single leg AMB1 futures Contract on a Business Day shall be determined in the following manner:

(1) For any single leg AMB1 futures Contract for which the most recent daily settlement price was established on the calendar day of the start of that Business Day, the AMB1 Reference Price will be daily settlement price of that AMB1 futures Contract on the prior Business Day (subject to Rule 2202(l)(i)(F)(3) below).

(2) For any single leg AMB1 futures Contract for which the most recent daily settlement price was established on an earlier calendar day than the calendar day of the start of that Business Day, the AMB1 Reference Price will be the first trade price of that AMB1 futures Contract established by or following the initial opening process on that Business Day (subject to Rule 2202(l)(i)(F)(3) below).

(3) If a Business Day includes a previously designated suspension period within a holiday trading session on that Business Day, the AMB1 Reference Price following the designated suspension period will be the first trade price of that AMB1 futures Contract established by or following the initial opening process after that suspension period.

(4) The first trade price of a single leg AMB1 futures Contract established by or following an opening process may be established by a trade between two single leg Orders, by a trade between a single leg Order and the leg of a Spread Order or by the leg print of a trade between two Spread Orders.

(G) The AMB1 Reference Price for a single leg AMB1 futures Contract shall be determined in the following manner when it is initially listed for trading:

(1) The AMB1 Reference Price that will be utilized for a single leg AMB1 futures Contract when it is initially listed for trading will be the AMB1 Reference Price of the single leg AMB1

futures Contract with the nearest expiration date in calendar days to the expiration date of the newly listed AMB1 futures Contract (subject to Rule 2202(l)(i)(G)(3) below).

(2) If there is a single leg AMB1 futures Contract with an earlier expiration date and a single leg AMB1 futures Contract with a later expiration date that each meet the above criterion, the AMB1 Reference Price for the AMB1 futures Contract with the earlier expiration date will be utilized (subject to Rule 2202(l)(i)(G)(3) below).

(3) If the most recent daily settlement prices for previously listed AMB1 futures Contracts were established on an earlier calendar day than the calendar day of the initial listing of the applicable single leg AMB1 futures Contract or if no AMB1 futures Contracts were listed for trading on the date prior to the listing date of a single leg AMB1 futures Contract, the initial AMB1 Reference Price for that AMB1 futures Contract will be the first trade price of that AMB1 futures Contract established by or following the initial opening process for that AMB1 futures Contract.

(H) In calculating a Price Limit, the calculation will be rounded to the nearest minimum increment in the AMB1 futures Contract, with the midpoint between two consecutive increments rounded up.

(I) Notwithstanding any provisions of this Rule 2202(l)(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 2202(l)(i) at any time. Among others, one type of situation in which the Trade Desk may determine to modify or eliminate Price Limit parameters in this Rule 2202(l)(i) is during the last 15 minutes of trading on a Business Day. The senior person in charge of the Trade Desk may exercise the authority of the Trade Desk under Rule 2202(l)(i)(C) and this Rule 2202(l)(i)(I). The Trade Desk will promptly issue an alert with respect to actions taken pursuant to Rule 2202(l)(i)(C) or this Rule 2202(l)(i)(I).

(ii) *Consideration of Halts on American Financial Exchange.* The Exchange shall take into consideration any trading halt in the AMERIBOR overnight unsecured loan market on American Financial Exchange, LLC in determining whether or not to halt trading in AMB1 futures under Rule 418(a)(ix).

(iii) *Inapplicability of Circuit Breaker Halts.* The provisions of Rule 417A are not applicable to AMB1 futures.

(m) *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 AMB1

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

The minimum price increment for an Exchange of Contract for Related Position transaction involving an AMB1 futures contract is 0.25 basis points.

(n) *Block Trades.* Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for AMB1 futures is 500 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 the AMB1 futures contract.

The minimum price increment for a Block Trade in the AMB1 futures contract is 0.25 basis points.

(o) *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 AMB1 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) *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.

(q) *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 AMB1 futures contracts at the close of trading on any trading day equal to or in excess of 25 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 AMB1 futures contracts during a single trading day or such other reportable trading volume threshold as may be designated by the Commission.

(r) *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 an AMB1 futures Contract for purposes of calculating the Threshold Width in that AMB1 futures Contract.

(s) *Daily Settlement Price.* The daily settlement price for an AMB1 futures Contract

is calculated in the following manner for each Business Day:

(i) The Daily Settlement Time for AMB1 futures is the point in time in relation to which the daily settlement price of an AMB1 futures Contract is calculated. The Daily Settlement Time for AMB1 futures is at the close of regular trading hours in AMB1 futures on a Business Day (except that the Daily Settlement Time for AMB1 futures on a Business Day that ends at 12:15 p.m. Chicago time is at 12:00 p.m. Chicago time.) Accordingly, on a normal Business Day, the Daily Settlement Time for AMB1 futures is 3:00 p.m. Chicago time.

(ii) The daily settlement price for an AMB1 futures Contract is the average of the bid and the offer from the last best two-sided market in that AMB1 futures Contract during the applicable Business Day prior to the Daily Settlement Time which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value. If a two-sided market includes either no bid or no offer, the bid or offer would be considered to have a zero value and that two-sided market would not be used for this purpose.

(iii) If there is no two-sided market in the AMB1 futures Contract during the applicable Business Day prior to the Daily Settlement Time which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value, the daily settlement price for the AMB1 futures Contract will be the daily settlement price of the AMB1 futures Contract with the nearest expiration date in calendar days to the expiration date of the AMB1 futures Contract for which the daily settlement price is being determined. If there is an AMB1 futures Contract with an earlier expiration date and an AMB1 futures Contract with a later expiration date that each meet this criterion, the daily settlement price of the AMB1 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 AMB1 futures Contract.

(v) The Exchange may in its sole discretion establish a daily settlement price for an AMB1 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 (s)(ii) - (s)(iv) above is not a fair and reasonable reflection of the market; or

(B) there is a trading halt in the AMB1 futures Contract or other unusual circumstance at or around the Daily Settlement Time.

(t) *Trade at Settlement Transactions.* Trade at Settlement ("TAS") transactions pursuant to Rule 404A are not permitted in AMB1 futures.

(u) *Price Reasonability Checks.* The Limit Order price reasonability percentage

parameters designated by the Exchange for AMB1 futures pursuant to Rule 513A(d) shall each be 10%.

Re-adopted August 16, 2019 (19-011). Amended June 8, 2020 (20-019); September 1, 2020 (20-024); March 10, 2021 (21-006); September 3, 2021 (21-023); December 6, 2021 (21-028); January 6, 2022 (21-039).

### **2203. Settlement**

Settlement of AMB1 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 AMB1 futures contract multiplied by \$50.

Clearing Members holding open positions in AMB1 futures contracts on the final settlement date 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.

Adopted October 28, 2005 (05-29). Amended February 24, 2006 (06-04); July 5, 2006 (06-11). Deleted October 31, 2006 (06-17).

**CHAPTER 23**  
**S&P 500 VARIANCE FUTURES**  
**CONTRACT SPECIFICATIONS**

**2301. Scope of Chapter**

This chapter applies to trading in S&P 500 Variance futures contracts. 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 S&P 500 Variance futures contract was first listed for trading on the Exchange on September 27, 2012.

**2302. Contract Specifications**

(a) *Multiplier.* The contract multiplier for the S&P 500 Variance futures contract is \$1.

(b) *Schedule and Prohibited Order Types.* The Exchange may list contract months for S&P 500 Variance futures that correspond to the listed contract months for options on the S&P 500 Composite Stock Price Index listed and traded on Cboe Options.

The final settlement date for an S&P 500 Variance futures contract shall be on the third Friday of the expiring futures contract month. If the third Friday of the expiring month is a CFE holiday, the Final Settlement Date for the expiring contract shall be the CFE business day immediately preceding the third Friday.

The trading days for S&P 500 Variance futures contracts shall be the same trading days of options on the S&P 500 Composite Stock Price Index, as those days are determined by Cboe Options.

The trading hours for the S&P 500 Variance futures contract are from 8:30 a.m. Chicago time to 3:15 p.m. Chicago time.

Good-'til-Canceled Orders and Good-'til-Date Orders are not permitted in S&P 500 Variance futures.

(c) *Minimum Increments and Minimum Order Sizes.* The minimum fluctuation of the S&P 500 Variance futures contract is 0.05 volatility index points.

The individual legs and net prices of spread trades in the S&P 500 Variance futures contract is 0.01 volatility index points.

The minimum Order size for the S&P 500 Variance futures contract is 1,000 vega notional and all Orders must be in multiples of 1,000 vega notional, except as provided for in subparagraph (s) below.

The sizes of Orders and trades in S&P 500 Variance futures are expressed and displayed in notional equivalent units of 1,000 vega notional. For example, an

Order or trade size of 1 has a size of 1,000 vega notional, and an Order or trade size of 3 has a size of 3,000 vega notional. Order and trade expression and display in notional equivalent units of 1,000 applies to all trading in S&P 500 Variance futures, including Block Trades and Exchange of Contract for Related Position transactions.

(d) *Position Limits.* S&P 500 Variance futures are subject to position limits under Rule 412.

A person may not own or control contracts exceeding 125,000 units of variance notional net long or net short in all contract months of an S&P 500 Variance futures contract combined.

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

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 in S&P 500 Variance futures contracts terminates on the business day immediately preceding the final settlement date of the S&P 500 Variance futures contract for the relevant spot month. When the last trading day is moved because of a CFE holiday, the last trading day for an expiring S&P 500 Variance futures contract will be the day immediately preceding the last regularly-scheduled trading day.

(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 S&P 500 Variance futures contracts, including S&P 500 Variance future stub positions (defined below in subparagraph (s)).

(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 a Contract amount equal to 1,000 vega notional. 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, S&P 500 Variance futures contracts are not subject to price limits.



Trading in S&P 500 Variance futures contracts shall be halted pursuant to Rule 417A if there is a Level 1, 2 or 3 Market Decline, except that the halt period provided for under Rule 417A(c)(i) following a Level 1 or Level 2 Market Decline shall be 10 minutes instead of 15 minutes and the Exchange may resume trading in S&P 500 Variance futures contracts any time after the 10-minute halt period.

(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 S&P 500 Variance futures contracts. Any Exchange of Contract for Related Position transaction must satisfy the requirements of Rule 414 and must be for a minimum Order size of 1,000 vega notional.

The minimum price increment for an Exchange of Contract for Related Position involving the S&P 500 Variance futures contract is 0.01 volatility index points.

Exchange of Contract for Related Position transactions in S&P 500 Variance future stub positions are not permitted.

(k) *Block Trades.* Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for the S&P 500 Variance futures contract is a contract amount equaling 50,000 vega notional if there is only one leg involved in the trade. 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 contract amount with a minimum size of 50,000 vega notional and the other leg of the spread is required to have a contract amount with a minimum size of 25,000 vega notional. A Block Trade may not be executed in S&P 500 Variance futures as a strip.

The minimum price increment for a Block Trade in the S&P 500 Variance futures contract is 0.01 volatility index points.

Block Trades in S&P 500 Variance future stub positions are not permitted.

(l) *No-Bust Range.* Pursuant to Rule 416 the Exchange error trade policy may only be invoked for: (i) a trade price that is greater than 10% on either side of the market price, quoted in volatility points, of the applicable S&P 500 Variance futures contract (referred to as trade price errors), and (ii) an error in the calculation of the number of variance units or the futures converted contract price for the trade (referred to as a standard formula input error).

In accordance with Policy and Procedure III, for trade price errors, the Trade Desk will determine what the true market price for the relevant Contract was immediately before the potential error trade occurred. For stub and non-stub positions in S&P 500 Variance futures, the “true market price” will be determined by reference to non-stub positions in S&P Variance futures and not by reference to S&P 500 Variance stub positions. 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 on the Exchange and other markets.

In accordance with Policy and Procedure III: (i) the determination of whether a standard formula input error occurred is solely within the Trade Desk's discretion and (ii) the busting or adjustment of a trade by the Trade Desk due to a standard formula input error may only occur on the same calendar or Business Day that the trade occurred.

(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 S&P 500 Variance futures contracts at the close of trading on any trading day equal to or in excess of 25 variance units 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 S&P 500 Variance 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 an S&P 500 Variance futures contract for purposes of calculating the Threshold Width in that S&P 500 Variance futures contract.

The minimum size of bids and offers that establish a Threshold Width is a contract amount equal to 1,000 vega notional.

Whether a Threshold Width exists with respect to S&P 500 Variance future stub positions is determined separately based upon the prevailing Orders for those positions. There is no minimum size of bids and offers needed to establish a Threshold Width in S&P 500 Variance future stub positions.

(p) *Daily Settlement Price.* The daily settlement price for an S&P 500 Variance futures Contract is calculated in the following manner for each Business Day:

(i) The daily settlement price for a VA futures Contract is the average of the bid and the offer from the last best two-sided market in that VA futures Contract during the applicable Business Day which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value. If a two-sided market includes either no bid or no offer, the bid or offer would be considered to have a zero value and that two-sided market would not be used for this purpose.

(ii) If there is no two-sided market in the S&P 500 Variance futures Contract during the applicable Business Day prior to the close of trading hours on that Business Day which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value, the daily settlement price for the S&P 500 Variance futures Contract will be the daily settlement price of the S&P 500 Variance futures Contract with the nearest expiration date in calendar days to the expiration date of the S&P 500 Variance futures Contract for which the daily settlement price is being determined. If there is an S&P 500 Variance futures Contract with an earlier expiration date and an S&P 500 Variance futures Contract with a later expiration date that each meet this criterion, the daily settlement price of the S&P 500 Variance futures Contract with the earlier expiration date will be utilized.

(iii) 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 S&P 500 Variance futures Contract.

(iv) The Exchange may in its sole discretion establish a daily settlement price for an S&P 500 Variance 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)(ii) above is not a fair and reasonable reflection of the market; or

(B) there is a trading halt in the S&P 500 Variance futures Contract or other unusual circumstance at the scheduled close of trading hours for the S&P 500 Variance futures Contract on the applicable Business Day.

(q) *Trade at Settlement Transactions.* Trade at Settlement ("TAS") transactions are not permitted in S&P 500 Variance futures.

(r) *Price Reasonability Checks.* The Limit Order price reasonability percentage parameters designated by the Exchange for S&P 500 Variance futures pursuant to Rule 513A(d) and the Market Order price reasonability percentage parameters designated by the Exchange for S&P 500 Variance futures pursuant to Rule 513A(e) shall each be 10%

The prevailing best offer and prevailing best bid are calculated separately for S&P 500 Variance future stub positions based upon the prevailing Orders for those positions.

(s) *Trading S&P 500 Variance Future Stub Positions.* A stub position in the S&P 500 Variance futures contract is a position that when converted from variance

units (number of contracts) to vega notional is equal to an amount that is less than 1 notional equivalent of 1,000 vega notional.

Except to the extent modified by this paragraph (s), the provisions of the other paragraphs of this Rule shall continue to be applicable in relation to trading in S&P 500 Variance future stub positions.

The sizes of Orders and trades in S&P 500 Variance future stub positions are expressed and displayed variance units (number of contracts). Upon receipt of an Order for an S&P 500 Variance stub position, the Exchange will convert the number of variance units (number of contracts) to vega notional and if that amount exceeds 1 notional equivalent of 1,000 vega notional, the Order will be automatically rejected or canceled back to the sender.

Orders for S&P 500 Variance future stub positions will only interact with other Orders for S&P 500 Variance future stub positions and will not interact with non-stub positions in the S&P 500 Variance futures contract.

Good-'til-Canceled Orders, Good-'til-Date Orders and spread trades are not permitted in S&P 500 Variance future stub positions.

Market Orders for S&P 500 Variance future stub positions will not be accepted by the Exchange outside of trading hours for the S&P 500 Variance futures contract. Any Market Orders for S&P 500 Variance future stub positions received by the Exchange outside of trading hours for the S&P 500 Variance futures contract will be automatically rejected or canceled back to the sender.

Amended October 17, 2012 (12-26); November 6, 2012 (12-27); January 2, 2013 (12-035); January 18, 2013 (12-01); February 4, 2013 (13-04); February 21, 2013 (13-07); July 18, 2013 (13-28); December 15, 2014 (14-17); December 22, 2014 (14-030); January 20, 2015 (14-001); September 24, 2015 (15-025); February 26, 2016 (16-001); March 4, 2016 (16-002); September 28, 2016 (15-003), (15-022), (16-005); October 31, 2017 (17-016); February 25, 2018 (17-017); March 13, 2019 (19-003); May 24, 2019 (19-006); November 2, 2020 (20-029).

### **2303. Settlement**

Settlement of S&P 500 Variance 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 S&P 500 Variance futures contract multiplied by \$1.00. The final settlement price of the S&P 500 Variance futures contract will be rounded to the nearest \$0.0001.

Clearing Members holding open positions in S&P 500 Variance 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 Clearing

Corporation.

#### **2304. DPM Provisions**

- (a) *DPM Appointment.* A Trading Privilege Holder will be appointed to act as a DPM for S&P 500 Variance futures contracts pursuant to Rule 515.
- (b) *DPM Participation Right.* There is no DPM participation right percentage under Rule 406(b) for the S&P 500 Variance futures contract.

Adopted March 24, 2006 (06-05). Amended June 14, 2011 (11-12). Deleted September 27, 2012 (12-18). Readopted September 27, 2012 (12-18). Amended May 16, 2013 (13-19); June 30, 2014 (14-15); February 25, 2018 (17-017).

## CHAPTER 24

### OPTIONS ON CBOE<sup>®</sup> iBOXX<sup>®</sup> iSHARES<sup>®</sup> BOND INDEX FUTURES CONTRACT SPECIFICATIONS

#### 2401. Scope of Chapter

This chapter applies to trading in Options on Cboe<sup>®</sup> iBoxx<sup>®</sup> iShares<sup>®</sup> 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 for trading on the Exchange options on the following Cboe<sup>®</sup> iBoxx<sup>®</sup> iShares<sup>®</sup> Bond Index futures (“Corporate Bond Index Futures” or “CB Index Futures”):

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

Cboe<sup>®</sup> iBoxx<sup>®</sup> iShares<sup>®</sup> \$ Investment Grade Corporate Bond Index Futures (“IBIG futures”)

The bond indexes that underlie CB Index Futures are referred to “Corporate Bond Indexes” or “CB Indexes”.

Options on Cboe<sup>®</sup> iBoxx<sup>®</sup> iShares<sup>®</sup> \$ High Yield Corporate Bond Index Futures (“IBHY options”) and Options on Cboe<sup>®</sup> iBoxx<sup>®</sup> iShares<sup>®</sup> \$ Investment Grade Corporate Bond Index Futures (“IBIG options”) are referred to as “Corporate Bond Index Options” or “CB Options”.

All of the CB Options on contract expirations of a particular CB Index Future are treated as a separate product. A specific CB Index Futures Contract underlies each CB Options Contract.

The Exchange first listed CB Options for trading on the Exchange on July 10, 2023.

\*iBoxx<sup>®</sup> is a service mark IHS Markit Limited. iShares<sup>®</sup> is a registered trademark of BlackRock Fund Advisors and its affiliates.

Adopted August 16, 2019 (19-011). Deleted September 3, 2021 (21-023). Readopted July 10, 2023 (23-006).

#### 2402. Contract Specifications

(a) *Contract Size.* The exercise of a CB Options Contract results in the delivery of one underlying CB Index Futures Contract. The CB Index Futures Contract that underlies a CB Options Contract is the CB Index Futures Contract that has the same expiration date as the CB Options Contract.

(b) *Contract Expirations.* The Exchange may list for trading CB Option calls and puts on up to four near-term serial months (“serial” contracts) and four months on the March quarterly cycle (“quarterly” contracts) of each CB Index Futures

product.

(c) *Exercise (Strike) Prices.* The Exchange may initially list in, at, and/or out-of-the money exercise (strike) prices and may add new exercise (strike) prices for CB Options as it deems appropriate, including in response to market conditions.

The minimum exercise (strike) price interval for CB Options is 0.25 index points.

(d) *Schedule and Prohibited Order Types.* The expiration date of a CB Options Contract is the final settlement date of the CB Index Futures contract that underlies the CB Options Contract.

The final settlement date for a CB Index Futures Contract is the first business day of the calendar month denoted by the ticker symbol for the CB Index Futures Contract. If the final settlement date for a CB Index Futures Contract is a CFE holiday, the final settlement date for the CB Index Futures Contract is the CFE Business Day immediately following the holiday.

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

The trading hours for CB Options are from 8:30 a.m. to 3:00 p.m. Chicago time.

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

(e) *Minimum Increments.* The minimum increment for single leg prices, the individual legs of spreads, and the net prices of spreads in CB Options is 0.01 index points (equal to a dollar value per minimum increment of \$10.00 per contract).

(f) *Position Limits.* CB Options are subject to position limits under Rule 412.

A Person may not own or control, in the aggregate, more than the equivalent of 10,000 contracts, net long or net short, in any CB Index Futures product, calculated by combining the total of:

(i) the number of contracts, net long or net short, owned or controlled by the Person, in all contract expirations for that CB Index Futures product; and

(ii) the number of contracts, net long or net short, owned or controlled by the Person, in all CB Options Contracts in any CB Options product which overlies that CB Index Futures product, calculated on a delta-adjusted (i.e., futures equivalent) basis.

The Exchange will disseminate a delta value for each CB Options Contract for each Business Day. A delta value is a calculation of the expected change in the price of

a CB Options Contract given a \$1.00 change in the price of the CB Index Futures Contract which underlies that CB Options Contract. For purposes of applying the aggregate position limit for CB Index Futures and CB Options, the size of a CB Options Contract shall be deemed to be equivalent to the percentage of one CB Index Futures Contract which underlies that CB Options Contract represented by the delta value of the CB Options Contract. A long call/short put CB Options position is treated as equivalent to a long CB Index Futures position for this purpose and a long put/short call CB Options position is treated as equivalent to a short CB Index Futures position for this purpose.

If a position exceeds the position limit as a result of a CB Option assignment, the Person who owns or controls that position shall be allowed one Business Day to liquidate the excess position without being considered in violation of the position limit. Additionally, if, at the close of trading on a Business Day, a position that includes CB Options exceeds the position limit when evaluated using the CB Options delta values disseminated by the Exchange for that Business Day, but does not exceed the position limit when evaluated using the CB Options delta values disseminated by the Exchange for the previous Business Day, then the position shall not constitute a position limit violation.

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

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.

(g) *Termination of Trading.* Trading hours in an expiring CB Options Contract end at 3:00 p.m. Chicago time on its expiration date.

(h) *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.

(i) *Execution Priorities.* Pursuant to Rule 406(a)(i), the base allocation method of price-time priority shall apply to trading in CB Options.

(j) *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.

(k) *Price Limits and Halts.*



(i) *Price Limits.* Pursuant to Rule 413, CB Options are not subject to price limits.

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

(iii) *Halts in Underlying Futures Product.* CFE shall halt trading in a CB Options product during any trading halt in the CB Index Futures product which underlies that CB Options product.

(l) *Exchange of Contract for Related Position.* Exchange of Contract for Related Position transactions, as set forth in Rule 414, may be not entered into with respect to CB Index futures.

(m) *Block Trades.* Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for CB Options is 50 contracts if there is only one leg involved in the trade. If the Block Trade is executed as a spread transaction with multiple legs, each leg must meet the minimum Block Trade quantity for CB Options.

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

(n) *No-Bust Range.* Pursuant to Rule 416, the CFE error trade policy may only be invoked for a trade price that is higher or lower than the true market price of the applicable CB Options Contract by an amount that is larger than the greater of the following three amounts:

(i) the delta value of the CB Options Contract at the relevant time as determined by the Exchange multiplied by the no-bust range for the CB Index Futures Contract which underlies the CB Options Contract;

(ii) 20% of the true market price of the CB Options Contract up to 25% of the no-bust range for the CB Index Futures Contract which underlies the CB Options Contract; and

(iii) 2 minimum price increments for the CB Options Contract.

In accordance with Policy and Procedure III, the Trade Desk will determine what the true market price for the CB Options 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 series, the prices of related contracts trading in other markets and the theoretical value of the CB Options Contract as determined by the Exchange.

(o) *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.

(p) *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 a CB Options product 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 a CB Options product during a single trading day or such other reportable trading volume threshold as may be designated by the Commission.

(q) *Daily Settlement Price.* The daily settlement price for a CB Options Contract will be determined in the following manner for each Business Day other than the expiration date of the CB Options Contract:

(i) The daily settlement price for the CB Options Contract will be determined by the Exchange by utilizing a Cox-Ross-Rubinstein binomial tree model to derive the theoretical option price for that Contract utilizing its theoretical volatility.

(ii) 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 Options Contract.

(iii) The Exchange may in its sole discretion establish a daily settlement price for a CB Options Contract that it deems to be a fair and reasonable reflection of the market if:

(A) a calculation of the theoretical option price for the CB Options Contract calculated as described in paragraph (q)(i) above is not available for use in determining the daily settlement price of the CB Options Contract due to a system issue or other reason;

(B) the Exchange determines in its sole discretion that the theoretical option price for the CB Options Contract calculated as described in paragraph (q)(i) above is not a fair and reasonable reflection of the market; or

(C) there is a trading halt in the CB Options Contract or other unusual circumstance at or around the scheduled close of trading hours for the CB Options Contract on the applicable

Business Day.

(r) *Trade at Settlement Transactions.* Trade at Settlement (“TAS”) transactions pursuant to Rule 404A are not permitted in CB Options. CB Options will also not be listed on TAS contracts in CB Index Futures.

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

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

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

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

Adopted August 16, 2019 (19-011). Deleted September 3, 2021 (21-023). Readopted July 10, 2023 (23-006).

### **2403. Settlement**

The exercise settlement value of an expiring CB Options Contract shall be the closing index value of the applicable CB Index on the expiration date of the CB Options Contract as determined by Markit Indices Limited. The exercise settlement value will be rounded to the nearest \$0.01.

Subject to the Rules and By-Laws of OCC, CB Options that are in-the-money by \$0.01 or more upon their expiration are automatically exercised and contrary

exercise instructions are not permitted.

Clearing Members holding open positions in a CB Options Contract at the expiration of the CB Options Contract that are in-the-money shall deliver or receive the underlying CB Options Contract in accordance with the Rules and By-Laws of OCC.

The CB Index Futures Contract that underlies a CB Options Contract is the CB Index Futures Contract that has the same expiration date as the CB Options Contract. As a result, on the expiration date of a CB Options Contract, the CB Options contract is settled into the underlying CB Index Futures Contract and the underlying CB Index Futures Contract is then settled into cash in accordance with the Rules and By-Laws of OCC.

If the exercise settlement value is not available or the normal settlement procedure cannot be utilized due to a trading disruption or other unusual circumstance, the exercise settlement value will be determined in accordance with the Rules and Bylaws of OCC.

Adopted August 16, 2019 (19-011). Deleted September 3, 2021 (21-023). Readopted July 10, 2023 (23-006).

## **CHAPTER 25**

### **CBOE 7-DAY AMERIBOR FUTURES CONTRACT SPECIFICATIONS**

#### **2501. Scope of Chapter**

This chapter applies to trading in Cboe 7-Day AMERIBOR futures (Futures Symbol: AMW). 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. AMW futures were first listed for trading on the Exchange on August 16, 2019.

Adopted August 16, 2019 (19-011).

#### **2502. Contract Specifications**

(a) *Contract Expirations.* The Exchange may list for trading up to 52 near-term expirations for AMW futures.

For each AMW futures contract, the futures symbol denotes the month and week of the last day of the contract measurement period. A Federal Reserve System reserve maintenance period (“Maintenance Period”) is a time frame during which banks and other depository institutions are required to maintain a specified level of funds. A Maintenance Period begins on a Thursday and ends on the second Wednesday thereafter. The contract measurement period for an AMW futures contract is either the first 7 days of a Maintenance Period or the second 7 days of a Maintenance Period. The final settlement date is the Thursday immediately following the last day of the contract measurement period. If the final settlement date is an Exchange holiday, the final settlement date shall be the Business Day immediately following the holiday.

(b) *Trading Unit.* The unit of trading for an AMW futures contract is average daily annualized AMERIBOR interest during the contract measurement period, such that each basis point of interest per year is equal to \$35 per contract. Average daily annualized AMERIBOR interest is expressed as an annualized interest rate which is calculated on the basis of a 7-day contract month divided by a 360-day year.

(c) *Multiplier.* The contract multiplier for each AMW futures contract is \$35 multiplied by the contract price. Each basis point of interest per year is equal to \$35 per contract.

(d) *Pricing Conventions.* An AMW futures contract price is expressed as 10,000.00 minus the product of average daily annualized AMERIBOR interest during the 7-day contract measurement period multiplied by 100. For example, a contract price of 9775.75 points represents average daily annualized AMERIBOR interest of 2.2425% (equivalent to 224.25 basis points). AMW futures contract prices are stated in decimal format out to two decimal places.

(e) *Schedule and Prohibited Order Types.* The final settlement date for an AMW future is the Thursday immediately following the last day of the contract measurement period for the AMW future. If the final settlement date is an Exchange holiday, the final

settlement date shall be the Business Day immediately following the holiday.

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

The trading hours for AMW futures are set forth in the charts below. The trading hours for AMW 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.

<b>Type of Trading Hours</b>	<b>Monday – Friday</b>
Extended	5:00 p.m. (previous day) to 8:30 a.m.
Regular	8:30 a.m. to 3:00 p.m.
Extended	3:00 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.

<b>Type of Trading Hours</b>	<b>Monday</b>	<b>Tuesday</b>
Extended	5:00 p.m. (Sunday) to 10:30 a.m.*	5:00 p.m. (Monday) to 8:30 a.m. and 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 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, Juneteenth National Independence Day (June 19), 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 3:00 p.m. to 4:00 p.m. (day after holiday)
New Year's Day and Christmas	Regular	8:30 a.m. to 3:00 p.m. (day after holiday)

**If New Year's Day or Christmas is on a Friday:**

Holiday	Type of Trading Hours	Holiday Observed (Friday)
If New Year's Day or Christmas on Friday	Extended	None
If New Year's Day or Christmas on Friday	Regular	None

**Good Friday:**

One of the following two schedules will apply when Good Friday is observed. The Exchange shall designate for each year which of these alternative schedules will be utilized in connection with the observation of Good Friday during that year.

**Good Friday Schedule Alternative 1:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Friday</b>
Good Friday	Extended	None
Good Friday	Regular	None

**Good Friday Schedule Alternative 2:**

<b>Holiday</b>	<b>Type of Trading Hours</b>	<b>Friday</b>	<b>Monday</b>
Good Friday	Extended	5:00 p.m. (Thursday) to 8:30 a.m.*	5:00 p.m. (Sunday) to 8:30 a.m. and 3:00 p.m. to 4:00 p.m.
Good Friday	Regular	None	8:30 a.m. to 3:00 p.m.

**Juneteenth:**

<b>Type of Trading Hours</b>	<b>Holiday Observed</b>	<b>Business Day After Holiday Observed</b>
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 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 p.m.



**Independence Day:**

<b>Type of Trading Hours</b>	<b>Holiday Observed</b>	<b>Business Day After Holiday Observed</b>
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 3:00 p.m. to 4:00 p.m.
Regular	None	8:30 a.m. to 3:00 p.m.

**General Holiday Provisions:**

\* 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 AMW 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 AMW futures, they shall not be considered the declaration of a trading halt by the Exchange. Trades in AMW futures made during a holiday trading session will be submitted for clearing for the next Business Day.

**Friday Holiday Provisions:**

The Exchange may have a Friday holiday trading session if Juneteenth or Independence Day fall on a Friday or under the Good Friday Schedule Alternative 2. In those cases:

The Friday holiday trading session is part of the next Business Day on Monday. The Friday holiday trading session is not a separate Business Day. Trades in AMW futures made during the Friday holiday trading session are submitted for clearing for Monday. Since the time frames between the sessions of trading hours during this Business Day are a regular feature of this schedule, they are not considered the declaration of a trading halt by the Exchange.

As is the case with other holiday trading sessions, the applicable daily settlement price is the daily settlement price for the Business Day. Accordingly, in this case, the applicable daily settlement price is determined on Monday pursuant to Rule 2502(s).

As is also the case with other holiday trading sessions, Day Orders and Quotes entered during the Friday holiday trading session persist and remain executable during the trading hours on the remainder of the Business Day, unless they are executed or canceled. Accordingly, Day Orders and Quotes entered during the Friday holiday trading session

persist and remain executable during the trading hours on the remainder of the same Business Day on the Sunday and Monday following the Friday holiday trading session, unless they are executed or canceled.

### **Market Orders:**

Market Orders for AMW futures contracts will not be accepted by the Exchange during regular or extended trading hours for the AMW futures contract. Any Market Orders for AMW futures contracts received by the Exchange will be automatically rejected or canceled back to the sender.

(f) *Minimum Increments.* Single leg prices in AMW futures and net prices of spreads in AMW futures may be in increments of 0.25 basis points (equal to a dollar value per minimum increment of \$8.75 per contract). The individual legs of spreads in AMW futures may be in increments of 0.01 basis points (equal to a dollar value per minimum increment of \$0.35 per contract).

(g) *Position Limits.* AMW futures are subject to position limits under Rule 412.

A person may not own or control more than 1,000 contracts net long or net short in all AMW futures contract expirations combined.

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

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

(h) *Termination of Trading.* Trading hours for expiring AMW futures contracts end at 4:00 p.m. Chicago time on the Business Day that precedes the final settlement date.

(i) *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.

(j) *Execution Priorities.* Pursuant to Rule 406(a)(i), the base allocation method of price-time priority shall apply to trading in AMW futures contracts.

(k) *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.

(l) *Price Limits and Halts.*

(i) *Price Limits.* Pursuant to Rule 413, AMW futures are subject to the

following price limits during regular and extended trading hours to the extent set forth below:

(A) Each single leg AMW futures Contract shall have price limits that are at an initial 20% interval and subsequent 10% intervals above the AMW Reference Price for that AMW futures Contract (each an “Upper Price Limit”) and price limits that are at an initial 20% interval and subsequent 10% intervals below the AMW Reference Price for that AMW futures Contract (each a “Lower Price Limit”). An Upper Price Limit and a Lower Price Limit may also be referred to as a “Price Limit.”

(B) Price Limits shall be in effect during the following time frames on a Business Day:

(1) When the most recent daily settlement prices for AMW futures Contracts were established on the calendar day of the start of that Business Day, the price limit provisions of this Rule 2502(l)(i):

(aa) shall be applicable during any opening process for that AMW futures Contract on that Business Day, and

(bb) shall be applicable during the remainder of the Business Day,

(cc) subject to Rule 2502(1)(i)(B)(3) below.

(2) When the most recent daily settlement prices for AMW futures Contracts were established on an earlier calendar day than the calendar day of the start of that Business Day, the price limit provisions of this Rule 2502(l)(i):

(aa) shall not be applicable on that Business Day for a single leg AMW futures Contract until the AMW Reference Price for that Contract has been established by or following the initial opening process on that Business Day, and

(bb) shall be applicable during the remainder of that Business Day,

(cc) subject to Rule 2502(l)(i)(B)(3) below.

(3) In the event that there is a previously designated suspension period within a holiday trading session on that Business Day, the price limit provisions of this Rule 2502(l)(i):

(aa) shall not be applicable for any single leg AMW futures contract following the commencement of the previously designated suspension period until the AMW Reference Price for that AMW futures Contract has been established by or following the initial opening process after that suspension period, and

(bb) shall then be applicable during the remainder of that Business Day.

(C) The following describes the process for the adjustment of Price Limit levels during the time frames in which Price Limits are in effect on a Business Day:

(1) If during Trading Hours outside of an opening process the best bid for a single leg AMW futures Contract is at the initial 20% Upper Price Limit or the best offer for a single leg AMW futures contract is at the initial 20% Lower Price Limit, the Trade Desk will retain the Price Limit at that Price Limit level for a minimum of two additional minutes.

(2) The Trade Desk may then adjust the applicable Price Limit to the next 10% Upper Price Limit level in the case of this occurrence with an Upper Price Limit and may then adjust the applicable Price Limit to the next 10% Lower Price Limit level in the case of this occurrence with a Lower Price Limit.

(3) If during Trading Hours outside of an opening process the best bid for a single leg AMW futures contract is then at the next 10% Upper Price Limit or the best offer for a single leg AMW futures Contract is then at the next 10% Lower Price Limit, the Trade Desk will retain the Price Limit at that Price Limit level for a minimum of five additional minutes.

(4) The process described in Rule 2502(l)(i)(C)(2) and (3) will then continue for the remainder of the applicable Business Day.

(D) When Price Limits are in effect during a Business Day:

(1) 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.

(2) The CFE System will not consummate the execution of any trade that is at a price that is more than the Upper Price Limit or that is less than the Lower Price Limit.

(3) 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.

(E) Price Limits will also apply to AMW Spread Orders in that each leg of an AMW 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 AMW futures Contract or less than the Lower Price Limit for that single leg AMW futures Contract.

(F) The AMW Reference Price for each single leg AMW futures Contract on a Business Day shall be determined in the following manner:

(1) For any single leg AMW futures Contract for which the most recent daily settlement price was established on the calendar day of the start of that Business Day, the AMW Reference Price will be daily settlement price of that AMW futures Contract on the prior Business Day (subject to Rule 2502(l)(i)(F)(3) below).

(2) For any single leg AMW futures Contract for which the most recent daily settlement price was established on an earlier calendar day than the calendar day of the start of that Business Day, the AMW Reference Price will be the first trade price of that AMW futures Contract established by or following the initial opening process on that Business Day (subject to Rule 2502(l)(i)(F)(3) below).

(3) If a Business Day includes a previously designated suspension period within a holiday trading session on that Business Day, the AMW Reference Price following the designated suspension period will be the first trade price of that AMW futures Contract established by or following the initial opening process after that suspension period.

(4) The first trade price of a single leg AMW futures Contract established by or following an opening process may be established by a trade between two single leg Orders, by a trade between a single leg Order and the leg of a Spread Order or by the leg print of a trade between two Spread Orders.

(G) The AMW Reference Price for a single leg AMW futures Contract shall be determined in the following manner when it is initially listed for trading:

(1) The AMW Reference Price that will be utilized for a single leg AMW futures Contract when it is initially listed for trading will be the AMW Reference Price of the single leg AMW futures Contract with the nearest expiration date in calendar days to the expiration date of the newly listed AMW futures Contract (subject to Rule 2502(l)(i)(G)(3) below).

(2) If there is a single leg AMW futures Contract with an earlier expiration date and a single leg AMW futures Contract with a later expiration date that each meet the above criterion, the AMW Reference Price for the AMW futures Contract with the earlier expiration date will be utilized (subject to Rule 2502(l)(i)(G)(3) below).

(3) If the most recent daily settlement prices for previously listed AMW futures Contracts were established on an earlier calendar day than the calendar day of the initial listing of the applicable single leg AMW futures Contract or if no AMW futures Contracts were listed for trading on the date prior to the listing date of a single leg AMW futures Contract, the initial AMW Reference Price for that AMW futures Contract will be the first trade price of that AMW futures Contract established by or following the initial opening process for that AMW futures Contract.

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

(I) Notwithstanding any provisions of this Rule 2502(l)(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 2502(l)(i) at any time. Among others, one type of situation in which the Trade Desk may determine to modify or eliminate Price Limit parameters in this Rule 2502(l)(i) is during the last 15 minutes of trading on a Business Day. The senior person in charge of the Trade Desk may exercise the authority of the Trade Desk under Rule 2502(l)(i)(C) and this Rule 2502(l)(i)(I). The Trade Desk will promptly issue an alert with respect to actions taken pursuant to Rule 2502(l)(i)(C) or this Rule 2502(l)(i)(I).

(ii) *Consideration of Halts on American Financial Exchange.* The Exchange shall take into consideration any trading halt in the AMERIBOR overnight unsecured loan market on American Financial Exchange, LLC in determining whether or not to halt trading in AMW futures under Rule 418(a)(ix).

(iii) *Inapplicability of Circuit Breaker Halts.* The provisions of Rule 417A are not applicable to AMW futures.

(m) *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 AMW futures. Any Exchange of Contract for Related Position transaction must satisfy the requirements of CFE Rule 414.

The minimum price increment for an Exchange of Contract for Related Position transaction involving an AMW futures contract is 0.25 basis points.

(n) *Block Trades.* Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for AMW futures is 500 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 the AMW futures contract.

The minimum price increment for a Block Trade in the AMW futures contract is 0.25 basis points.

(o) *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 AMW 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) *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.

(q) *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 AMW futures contracts at the close of trading on any trading day equal to or in excess of 25 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 AMW futures contracts during a single trading day or such other reportable trading volume threshold as may be designated by the Commission.

(r) *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 an AMW futures Contract for purposes of calculating the Threshold Width in that AMW futures Contract.

(s) *Daily Settlement Price.* The daily settlement price for an AMW futures Contract is calculated in the following manner for each Business Day:

(i) The Daily Settlement Time for AMW futures is the point in time in relation to which the daily settlement price of an AMW futures Contract is calculated. The Daily Settlement Time for AMW futures is at the close of regular trading hours in AMW futures on a Business Day (except that the Daily Settlement Time for AMW futures on a Business Day that ends at 12:15 p.m. Chicago time is at 12:00 p.m. Chicago time.) Accordingly, on a normal Business Day, the Daily Settlement Time for AMW futures is 3:00 p.m. Chicago time.

(ii) The daily settlement price for an AMW futures Contract is the average of the bid and the offer from the last best two-sided market in that AMW futures Contract during the applicable Business Day prior to the Daily Settlement Time which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value. If a two-sided market includes either no bid or no offer, the bid or offer would be considered to have a zero value and that two-sided market would not be used for this purpose.

(iii) If there is no two-sided market in the AMW futures Contract during the applicable Business Day prior to the Daily Settlement Time which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value, the daily settlement price for the AMW futures Contract will be the daily settlement price of the AMW futures Contract with the nearest expiration date in calendar days to the expiration date of the AMW futures Contract for which the daily settlement price is being determined. If there is an AMW futures Contract with an earlier expiration date and an AMW futures Contract with a later expiration date that each meet this criterion, the daily settlement price of the AMW 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 AMW futures Contract.

(v) The Exchange may in its sole discretion establish a daily settlement price for an AMW 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 (s)(ii) - (s)(iv) above is not a fair and reasonable reflection of the market; or

(B) there is a trading halt in the AMW futures Contract or other unusual circumstance at or around the Daily Settlement Time.

(t) *Trade at Settlement Transactions.* Trade at Settlement (“TAS”) transactions pursuant to Rule 404A are not permitted in AMW futures.



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

Adopted August 16, 2019 (19-011). Amended March 10, 2021 (21-006); September 3, 2021 (21-023); December 6, 2021 (21-028); January 6, 2022 (21-039).

### **2503. Settlement**

Settlement of AMW 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 AMW futures contract multiplied by \$35.

Clearing Members holding open positions in AMW futures contracts on the final settlement date 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.

Adopted August 16, 2019 (19-011).