



**CFE Information Circular IC10-26**

**To: CFE Trading Privilege Holders**

**From: CFE Business Development Division  
Regulatory Services Division**

**Date: December 2, 2010**

**Re: Change of Start Time to Trading Hours for CBOE Volatility Index Futures Contract  
and Risks Relating to Extended Trading Hours**

Change of Start Time to Trading Hours for VIX Futures

CBOE Futures Exchange ("CFE") will introduce extended trading hours for the CBOE Volatility Index ("VIX") futures contract beginning on December 10, 2010, pending regulatory approval. Specifically, CFE is changing the start time of trading hours for VIX futures from 8:30 a.m. (Chicago time) to 7:20 a.m. (Chicago time). The close of trading hours will remain unchanged at 3:15 p.m. (Chicago time). The time period between 8:30 a.m. (Chicago time) and 3:15 p.m. (Chicago time) is considered regular trading hours for the VIX futures contract, and all other times that CFE is open for trading shall be considered extended trading hours for the VIX futures contract. In addition, the trading hours for CFE's products other than VIX futures will remain unchanged and transactions in those products may be affected during regular trading hours.

No Market Orders in VIX Futures Between 7:20 a.m. and 8:30 a.m.

Market Orders in VIX futures will not be accepted by CFE during extended trading hours for the VIX futures contract or during any other time period outside of regular trading hours for the VIX futures contract. Any Market Orders in VIX futures received by CFE outside of regular trading hours for the VIX futures contract will be automatically rejected.

No Bust Ranges for VIX Futures

- For trades executed during extended trading hours for the VIX futures contract, the CFE error trade policy may only be invoked for a trade price that is greater than 20% on either side of the market price of the applicable VIX futures contract.
- For trades executed during regular trading hours for the VIX futures contract, the CFE error trade policy may only be invoked for a trade price that is greater than 10% on either side of the market price of the applicable VIX futures contract.

In accordance with CFE Policy and Procedure III, the Help Desk will determine what the true market price for the relevant Contract was immediately before the potential error trade occurred. In making that determination, the Help Desk may consider all relevant factors, including the last trade price for that 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.

### Risks Relating to Extended Trading Hours

While the extension of trading hours in VIX futures offers benefits to market participants such as not having to wait until 8:30 a.m. (Chicago time) to seek to execute transactions in VIX futures and being able to seek to do so earlier in the day, there are also risks to market participants of seeking to execute transactions in VIX futures during extended trading hours.

These risks include, among other things, that there may not be quotes in VIX futures from a Designated Primary Market-Maker and other liquidity providers during extended trading hours; that there may be wider spreads, lower liquidity, and higher volatility during extended trading hours; and that trade prices during extended trading hours may be inferior to those received during regular trading hours. As a result, market participants should consider these factors before trading during extended trading hours.

### Contact Information

Any questions regarding this circular may be directed to Jay Caauwe of the CFE Business Development Division at (312) 786-8855 or Steven Slawinski of the Regulatory Services Division at (312) 786-7744.