CFE Regulatory Circular RG16-019

Date: **September 30, 2016**

To: **CFE Market Participants**

From: **CFE Regulation**

RE: **Procedure for Margin Rate Updates Due to Expiration**

Replaces CFE Regulatory Circular RG16-004

Currently, for all tiered products[1] listed on CBOE Futures Exchange, LLC (CFE), except CBOE S&P 500 Variance futures, the non-expiring contract expirations shift up in the CFE margin table **on the day after** the front month contract expires. Specifically, effective for the day after expiration, the expiring front-month contract is removed from Tier 1 of the CFE margin table and the second-month contract moves out of Tier 2 and assumes the Tier 1 margin rate. Similarly, for all other contracts that experience a shift in margin rate tiers due to the front-month contract expiring, the shift is also effective for the business day after expiration. See OCC Information Memo #38524 for more information.

The current margin requirements for CFE products are reflected in the CFE margin table on the CFE website.

Additional Information:

Questions regarding this circular may be directed to the CFE Regulatory Interpretations and Guidance team at (312) 786-7229 or AskCFEReg@cboe.com.

[1] "Tiered products" refer to CFE products that have differing margin rates depending on the contract's expiration. Currently, the tiered products listed on CFE include: CBOE Volatility Index futures with standard monthly expirations having a VX ticker symbol (and not weekly expirations having a VX ticker symbol followed by a number), CBOE Russell 2000 Volatility Index (VU) futures, and S&P 500 Variance (VA) futures. The CBOE/CBOT 10-Year U.S. Treasury Note Volatility Index (VXTY) future is not a tiered product.