



CFE Regulatory Circular RG18-002

Date: February 13, 2018

To: Trading Privilege Holders

From: Regulatory Division

RE: CFE Trading System Migration Topics

Cboe Futures Exchange, LLC (“CFE” or the “Exchange”) is issuing this regulatory circular to highlight certain rule changes that will be implemented in connection with the migration of CFE’s trading system to Bats technology scheduled for February 25, 2018.

General information regarding the technology integration can be found on the [CFE Integration Web Page](#).

In connection with the migration to Bats technology, CFE has filed rule filings [CFE-2017-017](#) and [CFE-2018-002](#) to amend many of the current rule provisions in the CFE Rulebook and in the Policies and Procedures Section of the CFE Rulebook. These rule filings include summaries of the rule changes as well as the rule changes themselves, including mark-ups to show the rule changes. The rule changes included in these rule filings will become effective upon the implementation date for the migration on February 25, 2018. CFE has also posted to the CFE integration website the [CFE Rulebook](#) and the [Policies and Procedures Section of the Rulebook](#) that will become effective at that time.

Please note this circular does not cover all of the changes to CFE’s rules in connection with the migration and does not include a complete description of the changes that are discussed. Instead, the circular is intended to be a high level summary to note certain rule changes. CFE Trading Privilege Holders (“TPHs”) should review rule filings [CFE-2017-017](#) and [CFE-2018-002](#) pertaining to the system migration and the updated [CFE Rulebook](#) and [Policies and Procedures Section of the Rulebook](#) for additional detail and in order to familiarize themselves with the rule changes and to assess the impact that any of the rule changes may have in relation to their activities on CFE.

With the migration to Bats technology, CFE Regulatory Circular RG17-011 regarding Recommended CFE Best Practices and other CFE circulars to the extent that they address aspects relating to CFE’s current trading system and rules will no longer be applicable upon the migration.

[1] Notices

As further described in [CFE Regulatory Circular RG17-031](#), commencing upon the migration of CFE's trading system to Bats technology, CFE plans to no longer disseminate CFE rule and product certification filings by e-mail or through a myCboe e-mail subscription on the CFE website. Currently and after the migration, TPHs and others may receive notice when CFE submits a rule or product certification filing to the CFTC by subscribing to the RSS feed for CFE Rule Filings on the [RSS Feed Subscription Page](#) of the CFE website.

CFE rule and product certification filings to the Commodity Futures Trading Commission ("CFTC") will continue to be posted to the [CFE Rule Filings Page](#) of the CFE website. Additionally, the current CFE Rulebook and Policies and Procedures Section of the Rulebook will also continue to be posted to the CFE website.

TPHs have an obligation to comply with CFE rules. Accordingly, TPHs should monitor the CFE website for CFE regulatory circulars and rule and product certification filings through RSS feeds or otherwise, review those regulatory circulars and rule and product certification filings, and take any actions necessary to comply with CFE regulatory obligations.

[2] TPH Permit Program

Each TPH with one or more trading permits at the time of migration to the CFE System is entitled to receive one new trading permit for use following the migration to the CFE System.

The TPH permit does not include the issuance of a port or EFID. TPHs must obtain any ports or EFIDs that the TPH desires from the Exchange.

[3] Executing Firm ID ("EFID")

An EFID is a unique identifier assigned by CFE to a TPH that is utilized by the CFE System to identify the clearing number for the execution of orders, block trades, and ECRP transactions submitted to the Exchange with that EFID. TPHs may obtain one or more EFID for CFE from Registration Services. Each EFID corresponds to single TPH and a single clearing number. TPHs may obtain EFIDs for multiple clearing numbers. TPHs may also obtain multiple distinct EFIDs for the same clearing number. TPHs will have the ability to designate which of the TPH's EFIDs may be utilized for the each of the TPHs logical ports for order entry into the CFE System. Rule 302(f) describes how EFIDs are utilized by the CFE System.

[4] Connectivity through Independent Software Vendors ("ISV")

Each TPH that receives connectivity to the CFE System through an ISV for trading activities must do so through its own EFID(s) and one or more logical ports that are not utilized by any other TPH. In order for a TPH 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 ISV and the order must be submitted through the connectivity provided by that other Person in its capacity as an ISV.

No Person other than a TPH may receive connectivity to the CFE System from an ISV for trading activities (except that it is permissible for an ISV to provide connectivity to the CFE System to another ISV solely for purposes of enabling one or more TPHs to access the CFE System for trading activities).

If an ISV is a TPH, it must access the Exchange through its own EFID(s) and logical port(s) when acting in its capacity as a TPH. Logical port(s) established by an ISV in its capacity as an ISV may not be used by the ISV itself for its own trading activities.

Rules 302(g) and (h) address utilization of ISVs. Additionally, the December 2017 notice [CFE Migration Connectivity Responsibilities for Trading Privilege Holders Using an ISV](#) contains information with respect to connecting to the CFE System utilizing an ISV.

[5] Order Entry Operator ID (“OEO ID”)

Rule 303A(a) provides that an OEO ID must be included on every order, including every cancel order and cancel replace/modify order and to provide that any order that does not contain an OEO ID in the form and manner prescribed by the Exchange will be rejected or canceled back to the sender by the CFE System.

[6] Elimination of Quotes

CFE will no longer accept quotes with the implementation of the new CFE System and will only accept orders.

[7] Test Classes

Following the migration to the new CFE System, test classes will only be available during regular and extended trading hours. Please note that test classes should be used for legitimate testing purposes only. Any abusive or excessive messaging in test classes will not be permitted. CFE Regulation will monitor test classes for excessive messaging.

[8] Required Order Information and Maintenance of Front-End Audit Trail Information

Rule 403(a) is being revised to require that orders entered into the CFE System 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) contract identifier or product and contract expiration;
- (vi) Client Order ID;
- (vii) EFID;
- (viii) OEO ID;

- (ix) Clearing Corporation origin code (C for Customer or F for Firm)¹;
- (x) Customer Type Indicator (“CTI”) code²;
- (xi) manual order indicator;
- (xii) account designation; and
- (xiii) any other required by the CFE System.

Any order that does not contain the above required information in a form and manner prescribed by the Exchange will be rejected or canceled back to the sender by the CFE System.

Pursuant to Rule 403(c), each clearing member TPH that is futures commission merchant, or introducing broker is required to maintain front-end audit trail information for all electronic orders, including all related modifications and cancellations, entered by that party into the CFE System.

Each clearing member is responsible for maintaining front-end audit trail information for all electronic orders, including all related modifications and cancellations, entered into the CFE System by any TPH for which the clearing member is identified in the order submission by EFID as the clearing member for the execution of the order. The audit trail must contain all order entry, modification, cancellation and response receipt time(s) as well as all Financial Information Exchange (“FIX”) interface tag information and fields or Binary Order Entry (“BOE”) order message information, as applicable.

[9] Acceptable Orders

Pursuant to Rule 404, the available order types in the CFE System include a market order, limit order, spread order, stop limit order, cancel order, and cancel replace/modify order. The available time in force conditions for orders in the CFE System include a day order, good-’til-canceled order, good-’til-date order, immediate or cancel order, and fill or kill order.

[10] Trade at Settlement (“TAS”) Transactions

Rule 404A(c) provides that the first pre-opening notice for any TAS contract in a product establishes the time at which TAS orders may be submitted for all TAS contracts in that product. 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. Pursuant to Rule 404A(e), TAS orders are required to be limit orders and to either be a day order, immediate or cancel order, or a fill or kill order. TAS orders may not be market orders, stop limit orders, good-’til-canceled orders, or good-’til-date orders.

¹ In the FIX order entry protocol, OrderCapacity refers to the OCC account type. A value of “C” denotes an account that clears in the Customer range at the OCC. A value of “F” denotes an account that clears in the Clearing Firm range at the OCC. In the BOE order entry protocol, Capacity refers to the OCC account type. A value of “C” denotes an account that clears in the Customer range at the OCC. A value of “F” denotes an account that clears in the Clearing Firm range at OCC.

² Following the migration of the CFE trading system to Bats Technology, TPHs will be required to enter CTI code and Clearing Corporation origin code in separate fields.

[11] Opening Process

The opening process for a CFE product on the new CFE System is described in Rule 405A. The process starts with a queuing period prior to the opening time for the product during which the CFE System accepts but does not execute orders. The opening processing commences at the opening time for the product and occurs in the order below:

- (i) the CFE System determines an opening trade price and matches simple (single-leg) orders for each single leg contract expiration for the product;
- (ii) the CFE System determines an opening trade price and matches spread orders with other spread orders for each spread for the product;
- (iii) the CFE System disseminates for each single leg contract expiration in the product a notice of commencement of an open state for trading and all opening prints, if any;
- (iv) the CFE System disseminates for each spread in the product a notice of commencement of an open state for trading and all opening prints for the spread trades and the individual leg trades that comprise the spread trades, if any;
- (v) the CFE System releases remaining spread orders for spreads in an open state for trading with executable quantity not executed as part of an opening trade and allows for matching between those spread orders and simple orders; and
- (vi) the CFE System processes triggered stop limit orders.

[12] Reopening Process

The opening process will be the same as described in section 11 above for reopening a contract within the same business day (such as following a trading halt) or if there is delayed opening of a contract. See Rule 403(j).

[13] Order Execution

CFE will be utilizing the price-time priority allocation method for all currently listed CFE products following the implementation of the new CFE System.

[14] Spread Orders

Rule 406A describes how spread orders are processed and executed.

The opening process described in section 11 above is utilized throughout trading hours for spreads that remain in, or go into, a queuing state because the width of the prevailing market of an individual leg of the spread exceeds the applicable threshold width for the relevant contract. When this condition no longer exists, the opening process is used to open and re-open these spreads.

[15] Exchange of Contract for Related Position (“ECRP”) Transactions

There are several notable changes to Rule 414 pertaining to ECRP transactions.

First, Rule 414(b) clarifies that the related position being exchanged in an ECRP transaction may not be a contract traded on or subject to CFE’s rules.

Second, Rule 414(d) clarifies that the execution of an ECRP transaction may not be contingent upon the execution of another ECRP 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.

Third, Rule 414(e) revises the timing requirements for ECRP transactions such that they must satisfy the following three requirements:

1. the agreement to an ECRP transaction may only occur during trading hours, or a queuing period not in connection with a trading halt, for the contract that comprises the contract leg of the ECRP transaction, when that contract is not halted or suspended;
2. an ECRP transaction must be reported to CFE without delay and by no later than thirty minutes after the transaction is agreed upon; and
3. an ECRP transaction must be fully reported to CFE during trading hours, or a queuing period, for the contract that comprises the contract leg of the ECRP transaction, when the contract is not suspended.

Fourth, Rule 414(g) requires an arrangement time, if any, to be recorded on an order ticket for an ECRP transaction. An arrangement time is the time at which the parties to an ECRP transaction agreed to enter into the transaction at a later time.

Fifth, Rule 414(i) provides that an Authorized Reporter must be a specified individual. As a result of this change, an entity may no longer be designated as an Authorized Reporter. Additionally, Authorized Reporters must be authorized to report both ECRP transactions and block trades. [\[Insert Link\]](#)

Sixth, Rule 414(j) has been amended to require ECRP transactions be submitted for clearing on the business day during which the transaction is fully reported to CFE and to no longer allow for the ability to submit ECRP transactions for clearing on the next business day when they are reported to CFE after the close of trading on Monday through Thursday.

Seventh, Rule 414(k) requires the following information be submitted to CFE with an ECRP transaction:

- (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), price 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) OEO ID;
- (vi) EFID;
- (vii) account;
- (viii) Clearing Corporation origin code;
- (ix) CTI 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

Eighth, Rule 414(l) has been amended to provide for a CFE System mechanism for Authorized Reporters to report ECRP transactions to CFE. This new mechanism will replace the current notification process. Under the new reporting mechanism, the Authorized Reporter that is the initiator of the notification enters information regarding the ECRP transaction into the CFE System and provides a reference ID to the Authorized Reporter for the contra side of the transaction. The contra side Authorized Reporter then accepts the notification and enters contra side information for the transaction into the CFE System.

Ninth, Rule 414(o) provides that the CFE System will reject the submission of an ECRP transaction if the transaction would cause a net long (short) risk control under Rule 513A(c) to be exceeded on either side of the transaction.

[16] Block Trades

Rule 415 pertaining to block trades has been amended to include the substantive changes listed below applicable to all CFE products.

First, Rule 415(c) revises the timing requirements for block trade transactions such that they must satisfy the following three requirements:

- i. the agreement to a block trade may only occur during trading hours, or a queuing period not in connection with a trading halt, when the contract is not halted or suspended;
- ii. a block trade must be reported to CFE without delay and by no later than ten minutes after the transaction is agreed upon; and
- iii. a block trade must be fully reported to CFE during trading hours, or a queuing period, when the contract is not suspended.

Second, Rule 415(e) requires an arrangement time, if any, to be recorded on an order ticket for a block trade. An arrangement time is the time at which the parties to a block trade agreed to enter into the block trade at a later time.

Third, Rule 415(f) has been amended to provide that an Authorized Reporter must be a specified individual. As a result of this change, an entity may no longer be designated as an Authorized Reporter.

Fourth, Rule 415(g) has been amended to provide that Authorized Reporters may only be authorized to report both block trades and ECRP transactions.

Fifth, Rule 415(g) has been amended to require block trades be submitted for clearing on the business day during which the transaction is fully reported to CFE.

Sixth, Rule 415(h) requires the following information be submitted to CFE with a block trade:

- (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), price 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) OEO ID;
- (vi) EFID;
- (vii) account;
- (viii) Clearing Corporation origin code;
- (ix) CTI code; and
- (x) any other information required by the Exchange

Seventh, Rule 415(i) has been amended to provide for a CFE System mechanism for Authorized Reporters to report block trades to CFE. This new mechanism will replace the current notification process. Under the new reporting mechanism, the Authorized Reporter that is the initiator of the notification enters information regarding the block trade into the CFE System and provides a reference ID to the Authorized Reporter for the contra side of the transaction. The contra side Authorized Reporter then accepts the notification and enters contra side information for the transaction into the CFE System.

Eighth, Rule 415(l) provides that the CFE System will reject the submission of a block trade if the transaction would cause a net long (short) risk control under Rule 513A(c) to be exceeded on either side of the transaction.

Ninth, Rule 415(o) clarifies that block trades between affiliated parties must satisfy the following three conditions:

- 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.

[17] ECRP and Block Trade Operational Changes

Refer to the “Block and ECRP Trades” section of the [Cboe US Customer Web Portal](#) specification for updated information regarding input of block trade and ECRP transactions. The new CFE System will require these transactions to be inputted using the defined tool for all futures products.

[18] System Security

Rule 513(a) requires each TPH to designate in a form and manner prescribed by the Exchange at least one individual that is an employee or agent of the TPH to be an account administrator with respect to the CFE System. A TPH is required to keep that designation current by (i) promptly notifying the Exchange of changes to the TPH’s administrators and their contact information in a form and manner prescribed by the Exchange and (ii) promptly designating a replacement administrator to the extent necessary in order to continue to have at least one administrator. Designated account administrators may manage their firm’s account administrators via the Customer Web Portal or by contacting the Registration Services Department at registration@cboe.com.

[19] Risk Controls for TPHs and Clearing Firms

Rule 513A(a) provides that risk control mechanisms are set by EFID, product, and/or logical port depending upon the applicable risk control; that risk control mechanisms made available to clearing members will enable a clearing member to set risk control parameters for TPHs in relation to orders submitted to the CFE System with EFIDs that are linked to a clearing number for that clearing member; and that a clearing member will have the ability to set risk control mechanisms made available to TPHs in relation to a clearing member’s own access the CFE System.

TPHs and clearing firms can design risk profiles that define the various risk limits on a per-product basis using the CFE Risk Management Tool.

TPHs will not be permitted to enter any orders into the CFE system for a given product until their clearing firm has set parameters for Limit Order Protection, Max Order Size, Net Long and Net Short risk limits in the CFE Risk Management Tool. The CFE System will reject the order or cancel the order back to the sender if the order exceeds any of the set risk parameters.

TPHs have the option of setting parameters for Limit Order Protection, Max Order Size and Traded Volume Rate, but are not required to do so in order to submit orders to the Exchange. Please note when a TPH sets risk limit parameters for risk limits that may be set by both the clearing firm and the TPH the more restrictive of the two parameters shall apply. The CFE System will reject the order or cancel the order back to the sender if the order exceeds any of the set risk parameters.

Kill Switches are activated on an EFID level by TPHs or clearing firms through the Customer Web Portal. Pursuant to Rule 513A(j) the Exchange also has the ability to activate a Kill Switch by EFID. Activating a Kill Switch for an EFID causes all open orders on all products with the specified EFID to be cancelled. If a clearing firm activates a Kill Switch (and at the option of a TPH or the Exchange when activating a kill switch), all new orders on the EFID to be rejected on all FIX/BOE sessions until the associated Kill Switch

is reset. Kill Switches can only be reset through the Customer Web Portal by the same TPH or clearing firm that activated the Kill Switch.

TPHs can also activate self-imposed lockouts when issuing either mass cancel or purge order operations on FIX and BOE order entry sessions.

TPHs have the ability to activate a variety of disconnection risk controls by logical port. The available disconnection risk controls are further described in Rule 513A(k).

Finally, TPHs may also enable cancel or reject functionality based on logical port. The cancel or reject functionality is further described in Rule 513A(l).

Clearing firms are required to obtain access to and utilize the risk control mechanisms that the Exchange makes available for use by clearing firms. For each risk control mechanism made available to clearing firms, 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 firm as being set to a threshold level of zero. Clearing firms may comply with this requirement by obtaining access to the risk control mechanisms made available to clearing firms and either (i) setting the risk controls or (ii) relying upon the automated settings described in the preceding sentence.

Refer to the [CFE Risk Management](#) specification, [CFE FIX Implementation Guide](#) and [CFE BOE Implementation Guide](#) for complete details.

[20] System Enforced Risk Controls

In addition to the risk control mechanisms available to TPHs and clearing firms, CFE has several system enforced risk controls. Please note TPHs or clearing firms have the ability to designate parameters for system enforced risk controls, however the most restrictive parameters applicable to the EFID or product shall apply. The system will reject or cancel back to the sender any orders that exceed the parameters of the various risk controls.

Pursuant to Rule 513A, the CFE System will enforce Exchange defined risk parameters for price reasonability checks and order rate limits.

The Exchange may also designate limits for Maximum Order Size, Net Long and Net Short. Exchange

[21] Designated Primary Market Makers (“DPMs”)

DPMs will be subject to two additional requirements: (1) each DPM is required to identify in advance to the Exchange the EFID(s) through which the DPM will provide orders to satisfy the DPM’s performance benchmarks; and (2) each DPM is required to utilize the Exchange match trade prevention functionality in Rule 406B with respect to trading in allocated CFE products.

[22] Lead Market Makers (“LMM”)

CFE’s LMM programs have been updated to conform to the new CFE trading system. For additional information regarding each LMM program, refer to the applicable LMM program in the Policies and Procedures Section of the Rulebook.

[23] Match Trade Prevention (“MTP”)

Former Rule 406A regarding self-trade prevention is being revised and renumbered to Rule 406B and is referred to as match trade prevention in the new CFE System. 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, TPH identifier, or trading group identifier (collectively, “Unique Identifier”). MTP will allow for cancel newest, cancel oldest and cancel both modifiers. Further, spread orders marked with an MTP modifier originating from the same Unique Identifier will not execute against any simple order marked with any MTP modifier from the same Unique Identifier and the spread order will be rejected or cancelled back to the sender.

Utilization of Exchange MTP functionality is not mandatory. However, TPHs are reminded that failure to use Exchange MTP functionality will be deemed an aggravating factor if a TPH is found to have engaged in wash trading that would have otherwise been prevented by using the Exchange MTP functionality.

Refer to the [CFE FIX Implementation Guide](#) and the [CFE BOE Implementation Guide](#) specifications for more details regarding MTP.

[24] Supervision

Pursuant to Rule 609, TPHs are responsible for establishing, maintaining and administering reasonable, written supervisory procedures to ensure compliance with applicable laws and rules. The requirements under Rule 609 are not changing. The rule is being amended to make clear that TPHs are responsible for supervising their automated trading systems and may be held accountable for actions related to their automated trading systems.

[25] Minor Rule Violations

There are no substantive changes being made to the fine schedule for minor rule violations, but Rule 714(f)(ii) is being amended to clarify that the fine schedule applies to the failure to identify the correct CTI code in an order submission.

[26] Clearing Member Guarantees

With the introduction of EFIDs, further described in CFE Rule 302, CFE Rule 1101 is being revised to include references to EFID as it relates to linking the TPH with its clearing firm(s). Otherwise the requirements of CFE Rule 1101 remain unchanged.

[27] Uniform Changes to Contract Specifications for all CFE Products

Certain rule changes will impact the contract specifications for all CFE products. Below are the aspects of the contract specifications that will be amended as to all CFE products as a result of the migration of the CFE trading system to Bats technology.

Order Cut-Off Times

There will no longer be a one second cut-off time for all orders, cancellations and modifications prior to the termination of any trading period as this is no longer necessary under the new CFE System. See Rules 1202(b), 1202(e), 1302(b), 1302(e), 1402(b), 1402(e), 1602(b), 2102(b), 2302(b).

Block Trades Executed as Spread Transactions

The minimum size requirements for block trades executed as a spread transaction have changed. The below table provides the applicable leg sizes for each CFE product.

Contract	Minimum First Leg Size	Minimum Additional Leg(s) Size	Rule
VX futures	200	100	1202(k)
XBT futures	50	50	1302(k)
VXTY futures	100	50	1402(k)
VU futures	100	50	2102(k)
S&P Variance Futures	50,000 vega notional	25,000 vega notional	2302(k)

Daily Settlement Price

Generally, the daily settlement price is determined by the average of the last best bid and last best offer for a product's futures contract. In the event that either the last best bid or last best offer is a zero value, the daily settlement price will be the average of the most recent two sided market in the product's futures contract without a zero bid or offer. If there is no two sided market during the business day that does not have a zero bid or offer, the daily settlement value will be the product's futures contract with the nearest expiration date in calendar days. The Exchange continues to have the discretion to establish a daily settlement price that it deems to be a fair and reasonable reflection of the market if the Exchange determines in its sole discretion that the daily settlement price determined by the parameters set forth above is not a fair and reasonable reflection of the market or there is a trading halt or other unusual circumstance at the scheduled close of trading hours. See Rules 1202(p), 1302(p), 1402(p) and 1602(p), 2102(p) and 2302(p).

[28] Changes to Cboe Volatility Index (“VX”) Futures Contract Specifications

Trading Hours

Trading hours for VX futures are being revised as noted below.

Type of Trading Hours	Monday – Friday (all times Central Time)
Queuing Period	4:00 p.m. (Sunday) 4:45 p.m. (Mon-Thurs)
Extended	5:00 p.m. (previous day) to 8:30 a.m.
Regular	8:30 a.m. to 3:15 p.m.
Queuing Period	3:15 p.m. to 3:30 p.m.
Extended	3:30 p.m. to 4:00 p.m.

Trading hours in an expiring VX futures contract ends at 8:00 a.m. Central Time on its final settlement date.

TAS transactions in VX futures (VXT) have the same trading hours as above except that VXT regular trading hours end at 3:13 p.m. Central Time and VXT does not trade during extended trading hours from 3:30 p.m. Central Time to 4:00 p.m. Central Time. VXT transactions in an expiring VX futures contract are not permitted during the business day of its final settlement date.

Holiday hours under CFE Rule 1202(b) are being revised to conform with the revised trading hours on regular trading days. Please consult the [CFE Holiday Calendar](#) for additional information regarding the CFE holiday trading schedule.

Market Orders

Pursuant to revised CFE Rule 1202(b), the CFE System will only accept market orders in VX futures during regular trading hours following the completion of the opening process for VX futures contracts when the contract is in an open state for trading.

Price Limits (Extended Trading Hours)

VX futures contracts will now be subject to price limits during extended trading hours pursuant to revised Rule 1202(i). CFE’s trading system will not execute any trade during extended trading hours in a VX futures contract which is more than 70% above the daily settlement price for that contract for the prior business day or which is less than 30% below that daily settlement price. As is currently the case, the CFE Trade Desk may, in its absolute and sole discretion, take any action it determines necessary to protect market integrity. This authority includes, but is not limited to, modifying or eliminating the price limit parameters at any time.

Threshold Widths and Price Reasonability Checks

For purposes of calculating threshold width, 10% is the percentage used to determine the percentage of the mid-point between the highest bid and lowest offer in VX futures. The limit order price reasonability percentage parameters and market order price reasonability percentage parameters for VX futures are each 10%. See Rules 513A(e), 513A(f), 1202(o) and 1202(r).

[29] Changes to Cboe Bitcoin (“XBT”) Futures Contract Specifications

Trading Hours

Trading hours for XBT futures are being revised as noted below.

Type of Trading Hours	Monday – Friday (all times Central Time)
Queuing Period	4:00 p.m. (Sunday) 4:45 p.m. (Mon-Thurs)
Extended	5:00 p.m. (previous day) to 8:30 a.m.
Regular	8:30 a.m. to 3:15 p.m.
Queuing Period	3:15 p.m. to 3:30 p.m.
Extended	3:30 p.m. to 4:00 p.m.

On the final settlement date for an expiring XBT futures contract, trading in the contract will stop at 2:45 p.m. Central Time on the expiration date.

Holiday hours under CFE Rule 1302(b) are being revised to conform with the revised trading hours on regular trading days. Please consult the [CFE Holiday Calendar](#) for additional information regarding the CFE holiday trading schedule.

Threshold Widths and Price Reasonability Checks

For purposes of calculating threshold width, 5% is the percentage used to determine the percentage of the mid-point between the highest bid and lowest offer in XBT futures. The limit order price reasonability percentage parameters and market order price reasonability percentage parameters for XBT futures are each 5%. See Rules 513A(e), 513A(f), 1302(o) and 1302(r).

Price Limits (Extended and Regular Trading Hours)

Rule 1302(i) pertaining to trading halts is being replaced with provisions providing for the application of automated price limits in XBT futures. The automated price limits have the same parameters and general structure as the trading halts, but the parameters and structure will now be applied to price limits. The price limit parameters still include a price limit for a minimum of 2 minutes in the event of a 10% upward or downward movement in XBT futures and for a minimum of 5 minutes for each additional 10% upward or downward price movement. Generally, the daily settlement price from the previous business day will be used to establish the reference price utilized to measure price movements in XBT futures (except the first trade price will be used when there is more than a short time interval between trading hours such as following weekends or holidays). When price limits are in effect, the CFE System will reject any limit order to buy/sell that is above/below the upper/lower price limit and will not consummate the execution of any trade that is at a price above/below the upper/lower price limit. As is currently the case, the CFE Trade Desk has the authority to take any action it determines necessary to protect market integrity, which includes, but is not limited to, modifying or eliminating the price limit parameters or halting trading in XBT futures.

Market Orders

Market orders are not accepted for XBT futures during regular or extended trading hours. Any market orders for XBT futures contracts received by the Exchange will be automatically rejected or canceled

back to the sender.

[30] Changes to Cboe/CBOT 10 Year U.S. Treasury Note (“VXTY”) Futures Contract Specifications

Threshold Widths and Price Reasonability Checks

For purposes of calculating threshold width, 10% is the percentage used to determine the percentage of the mid-point between the highest bid and lowest offer in VXTY futures. The limit order price reasonability percentage parameters and market order price reasonability percentage parameters for VXTY futures are each 10%. See Rules 513A(e), 513A(f), 1402(o) and 1402(r).

[31] Changes to Cboe Russell 2000 Volatility Index (“VU”) Futures Contract Specifications

Market Orders

Pursuant to revised CFE Rule 2102(b), the CFE System will only accept market orders in VU futures during regular trading hours following the completion of the opening process for VU futures contracts when the contract is in an open state for trading.

Price Limits (Extended Trading Hours)

VU futures contracts will now be subject to price limits during extended trading hours pursuant to revised Rule 2102(i). CFE's trading system will not execute any trade during extended trading hours in a VU futures contract which is more than 70% above the daily settlement price for that contract for the prior business day or which is less than 10% below that daily settlement price. As is currently the case, the CFE Trade Desk may, in its absolute and sole discretion, take any action it determines necessary to protect market integrity. This authority includes, but is not limited to, modifying or eliminating the price limit parameters at any time.

Threshold Widths and Price Reasonability Checks

For purposes of calculating threshold width, 10% is the percentage used to determine the percentage of the mid-point between the highest bid and lowest offer in VU futures. The limit order price reasonability percentage parameters and market order price reasonability percentage parameters for VXTY futures are each 10%. See Rules 513A(e), 513A(f), 2102(o) and 2102(r).

[32] Changes to S&P 500 Variance (“VA”) Futures Contract Specifications

Order Types

Good-'til-canceled and good-'til-date orders are not permitted in VA futures positions or VA futures stub positions. See Rule 2302(b) and 2302(s).

Minimum Increments

Individual legs and net prices of spread trades in VA futures must be in 0.01 volatility index point increments. See Rule 2302(c).

Block Trade and ECRP Transactions

The minimum price increment for a Block Trade or ECRP transaction in a VA futures contract is 0.01 volatility index points. See Rules 2302(k) and 2302(j).

Threshold Widths and Price Reasonability Checks

For purposes of calculating threshold width, 10% is the percentage used to determine the percentage of the mid-point between the highest bid and lowest offer in VA futures. The limit order price reasonability percentage parameters and market order price reasonability percentage parameters for VA futures are each 10%. See Rules 513A(e), 513A(f), 2302(o) and 2302(r).

[33] Audit Trail Requirements in Response to CFE Regulation Data Requests

Rule 501 requires each TPH to keep a record of which Authorized Trader was responsible for every order, bid, offer or other message transmitted to the CFE System.

Pursuant to Rule 502, all audit trail related books and records must be retained for a period of 5 years. Any audit trail related books and records maintained on paper shall be readily accessible for the first two years of the five year period and any electronic books and records shall be readily accessible during the entire five year period. During the 5 year retention period, all audit trail related books and records shall be made available for inspection by, and copies shall be delivered to, the Exchange and its authorized representatives upon request.

Rule 502 also requires clearing members, futures commission merchants (“FCMs”) and introducing brokers to provide audit trail related records requested by CFE Regulation in a standard data layout format prescribed by the Exchange. Specifications for the standard data layout, which will become effective February 25, 2018, may be accessed on the CFE website at: [CFE TPH Audit Trail Data Layout](#). Audit trail data for business days prior to February 25, 2018 can be sent in either of the pre-migration formats regardless of the timing of the request from CFE Regulation. All audit trail data generated on February 25, 2018 and any business day thereafter must be provided in the post-migration format. CFE will not accept either of the two pre-migration audit trail formats for audit trail data generated on February 25, 2018 or any business days thereafter. TPHs will have until March 31, 2018 to comply with the new audit trail standard data layout format requirements. For additional information on the post-migration audit trail data request layout please see: [CFE Regulatory Circular RG18-001](#).

Additional Information

For questions please contact CFE Regulatory Interpretations at (312) 786-7229 or AskCFEReg@cboe.com.