



December 22, 2011

**Via Electronic Mail**

Mr. David Stawick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

Re: CBOE Futures Exchange, LLC  
Rule Certification and Listing of Security Futures Products  
Submission Number CFE-2011-28

Dear Mr. Stawick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended ("Act"), and §40.2 and §41.23 of the regulations promulgated by the Commodity Futures Trading Commission ("CFTC") under the Act, CBOE Futures Exchange, LLC ("CFE" or "Exchange") hereby submits rules ("Rules") and terms and conditions for a group of new products to be traded on CFE. The new products ("Products") are security futures on certain Individual Stock Based Volatility Indexes and Exchange-Traded Fund ("ETF") Based Volatility Indexes (collectively, "Volatility Indexes"). The Products will be listed for trading on CFE commencing on January 9, 2012 and the Rules and terms and conditions for the Products will become effective on January 9, 2012.

CFE currently lists for trading security futures on an ETF Based Volatility Index -- the CBOE Gold ETF Volatility Index ("GVZ"), which commenced trading on CFE on March 25, 2011. CFE Chapter 16 sets forth the contract specifications for GVZ security futures. This filing amends CFE Chapter 16 and the summary product specifications chart for GVZ security futures to broaden their scope in order to cover Volatility Indexes generally, while continuing to identify the specific Volatility Indexes that may underlie security futures traded on CFE (including, among others, GVZ security futures). Also, this filing makes a clarifying change to CFE Chapter 16 to include in CFE Rule 1602(b) the final settlement date description from the GVZ security futures product specifications chart that CFE filed with the CFTC as part of its product certification for GVZ security futures (CFE-2011-06), which is the same settlement date description that is to be used for all Volatility Index security futures. This clarifying change is consistent with the intent of CFE-2011-006 and the way in which CFE has implemented CFE-2011-06 and fixes a discrepancy between the GVZ security futures specifications chart and current CFE Rule 1602(b). This filing also amends Rule 1602(k) by reducing the minimum quantities for Block Trades in GVZ security futures, which will similarly apply to all Volatility Index security futures. CFE believes the revised minimum block trade sizes are at a trade size level that CFE reasonably anticipates will not be able to be filled in its entirety in CFE's centralized market without incurring a substantial price concession. In addition, the filing codifies the manner in which the daily settlement price is determined for Volatility Index security futures at Rule 1602(p). This change is consistent with rule provisions for all other futures

contracts traded on CFE regarding how the daily settlement price is determined. The filing also provides that Trade at Settlement transactions are not permitted in Volatility Index Futures in new Rule 1602(q).

Below is a chart identifying the specific Volatility Indexes (in addition to GVZ) on which the Exchange is proposing to list security futures:

<b>Ticker Symbol</b>	<b>Volatility Index Name</b>	<b>Underlying Option Class</b>
VXAPL	CBOE Equity VIX on Apple	AAPL
VXAZN	CBOE Equity VIX on Amazon	AMZN
VXGS	CBOE Equity VIX on Goldman Sachs	GS
VXGOG	CBOE Equity VIX on Google	GOOG
VXIBM	CBOE Equity VIX on IBM	IBM
OVX	CBOE Crude Oil ETF Volatility Index	USO
VXEEM	CBOE Emerging Markets ETF Volatility Index	EEM
VXFXI	CBOE China ETF Volatility Index	FXI
VXEWZ	CBOE Brazil ETF Volatility Index	EWZ
VXGDX	CBOE Gold Miners ETF Volatility Index	GDX
VXXLE	CBOE Energy Sector ETF Volatility Index	XLE

The calculation of each Volatility Index identified in the chart above is based on the CBOE Volatility Index ("VIX") methodology applied to options on the individual stock or ETF that is the subject of the particular Volatility Index. A Volatility Index is an up-to-the-minute market estimate of the expected volatility of the underlying individual stock or ETF calculated by using real-time bid/ask quotes of options on the underlying instruments traded on Chicago Board Options Exchange, Incorporated ("CBOE"). A Volatility Index uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected (implied) volatility.

The identified Volatility Indexes are eligible to underlie options traded on CBOE. Specifically, on May 26, 2011, the Securities and Exchange Commission ("SEC") issued an approval respectively providing that, "[o]ptions on Vol Indexes will trade as options under the rules of the CBOE."<sup>1</sup> Consistent with the Joint Order issued by the SEC and the CFTC dated November 19, 2009 (Securities Exchange Act Release No. 61027) ("Joint Order"),<sup>2</sup> the identified Volatility Indexes may underlie security futures contracts since these Volatility Indexes are eligible to underlie options traded on a national securities exchange.<sup>3</sup>

CFE intends to initially list VXEEM security futures, in addition to GVZ security futures which are already listed for trading on CFE.

CFE certifies that:

(a) the securities underlying the Products satisfy the requirements of §41.21 of the

<sup>1</sup> See Securities Exchange Act Release No. 64551 (May 26, 2011), 76 FR 32000 (June 2, 2011) (order approving proposal to list and trade options on certain Individual Stock Based Volatility Indexes and Exchange-Traded Fund Based Volatility Indexes on CBOE).

<sup>2</sup> 74 FR 61380 (November 24, 2009).

<sup>3</sup> See CFE Policy and Procedure VIII.E (*Eligibility for Listing Security Futures on Securities Approved for Options Trading*).

regulations promulgated by the CFTC under the Act;

(b) only futures commission merchants, introducing brokers, commodity trading advisors, commodity pool operators or associated persons subject to suitability rules comparable to those of a national securities association registered pursuant to Section 15A(a) of the Securities Exchange Act of 1934 ("Exchange Act") and the rules and regulations thereunder, except to the extent otherwise permitted under the Exchange Act and the rules and regulations thereunder, may solicit, accept any order for, or otherwise deal in any transaction in or in connection with the Products;

(c) dual trading in the Products is restricted in accordance with §41.27 of the regulations promulgated by the CFTC under the Act;

(d) trading in the Products is not readily susceptible to manipulation of the price of the Product, nor to causing or being used in the manipulation of the price of any underlying security, option on such security, or option on a group or index including such securities, consistent with the conditions for trading of §41.25 of the regulations promulgated by the CFTC under the Act;

(e) procedures are in place for coordinated surveillance among CFE, any market on which any security underlying the Product is traded and other markets on which any related security is traded to detect manipulation and insider trading;

(f) an audit trail is in place to facilitate coordinated surveillance among CFE, any market on which any security underlying the Products is traded, and any market on which any related security is traded;

(g) procedures are in place to coordinate regulatory trading halts between CFE and markets on which any security underlying the Products is traded and any market on which any related security is traded; and

(h) the margin requirements for the Products will comply with the provisions specified in §§41.43 through 41.48 of the regulations promulgated by the CFTC under the Act.

CFE believes that the impact of the Product and Rules will be beneficial to the public and market participants. CFE is not aware of any substantive opposing views to the Product and Rules. CFE certifies that the Products comply with additional conditions for trading set forth in §41.25 of the regulations promulgated by the CFTC under the Act and that the Products and Rules comply with the Act and regulations thereunder. CFE further certifies that CFE has posted a notice of pending certification with the Commission and a copy of this submission on CFE's Web site (<http://cfe.cboe.com/aboutcfe/rules.aspx>) concurrent with the filing of this submission with the Commission.

The filing is marked to show additions in underlined text and deletions in [bracketed] text to the summary product specifications chart and the contract specification rule chapter for this product.

Mr. David Stawick

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Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 or Jennifer Klebes at (312) 786-7466. Please reference our submission number CFE-2011-28 in any related correspondence.

CBOE Futures Exchange, LLC

A handwritten signature in black ink, appearing to read "James F. Lubin". The signature is stylized with a large, looping initial "J" and a cursive "Lubin".

By: James F. Lubin  
Managing Director

cc: Riva Adriance (CFTC)  
Philip Colling (CFTC)  
Thomas Leahy (CFTC)  
Nancy Markowitz (CFTC)  
National Futures Association  
The Options Clearing Corporation

**Summary Product Specifications Chart for  
[CBOE Gold ETF Volatility Index ("GVZ")] Individual Stock Based and Exchange-Traded  
Fund Based Volatility Index ("Volatility Index") Security Futures**

<b>CONTRACT NAME:</b>	[CBOE Gold ETF Volatility Index ("GVZ")] <u>Individual Stock Based and Exchange-Traded Fund ("ETF") Based Volatility Index ("Volatility Index") Security Futures</u>																						
<b>LISTING DATE:</b>	March 25, 2011.																						
<b>DESCRIPTION:</b>	<p>[The CBOE Gold ETF Volatility Index ("GVZ Index")] <u>A Volatility Index</u> is an up-to-the-minute market estimate of the expected volatility of <u>the underlying individual stock or ETF</u> [SPDR Gold Shares ("GLD")] calculated by using real-time bid/ask quotes of [GLD] <u>options on the underlying instruments</u> [listed] <u>traded</u> on Chicago Board Options Exchange, Incorporated ("CBOE"). [GVZ] <u>A Volatility Index</u> uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected (implied) volatility.</p> <p><u>The Exchange may list security futures contracts on the following Volatility Indexes:</u></p> <p><u>CBOE Equity VIX on Apple</u>  <u>CBOE Equity VIX on Amazon</u>  <u>CBOE Equity VIX on Goldman Sachs</u>  <u>CBOE Equity VIX on Google</u>  <u>CBOE Equity VIX on IBM</u>  <u>CBOE Gold ETF Volatility Index</u>  <u>CBOE Crude Oil ETF Volatility Index</u>  <u>CBOE Emerging Markets ETF Volatility Index</u>  <u>CBOE China ETF Volatility Index</u>  <u>CBOE Brazil ETF Volatility Index</u>  <u>CBOE Gold Miners ETF Volatility Index</u>  <u>CBOE Energy Sector ETF Volatility Index</u></p>																						
<b>CONTRACT SIZE:</b>	The contract multiplier for [the GVZ] <u>a Volatility Index</u> futures contract is \$1,000.																						
<b>TRADING HOURS:</b>	<p>[8:30 a.m. - 3:00 p.m. Chicago time.]</p> <table border="0"> <thead> <tr> <th align="center"><u>Trading Hours</u></th> <th align="center"><u>Volatility Index Security Future</u></th> </tr> </thead> <tbody> <tr> <td align="center">8:30 a.m. – 3:00 p.m. (Chicago Time)</td> <td align="center"><u>VXAPL</u></td> </tr> <tr> <td></td> <td align="center"><u>VXAZN</u></td> </tr> <tr> <td></td> <td align="center"><u>VXGS</u></td> </tr> <tr> <td></td> <td align="center"><u>VXGOG</u></td> </tr> <tr> <td></td> <td align="center"><u>VXIBM</u></td> </tr> <tr> <td></td> <td align="center"><u>GVZ</u></td> </tr> <tr> <td></td> <td align="center"><u>OVX</u></td> </tr> <tr> <td></td> <td align="center"><u>VXFXI</u></td> </tr> <tr> <td></td> <td align="center"><u>VXEWZ</u></td> </tr> <tr> <td></td> <td align="center"><u>VXGDZ</u></td> </tr> </tbody> </table>	<u>Trading Hours</u>	<u>Volatility Index Security Future</u>	8:30 a.m. – 3:00 p.m. (Chicago Time)	<u>VXAPL</u>		<u>VXAZN</u>		<u>VXGS</u>		<u>VXGOG</u>		<u>VXIBM</u>		<u>GVZ</u>		<u>OVX</u>		<u>VXFXI</u>		<u>VXEWZ</u>		<u>VXGDZ</u>
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<b>CONTRACT MONTHS:</b>	Up to nine near-term months plus up to five additional months on the February quarterly cycle may be listed for [the GVZ] a <u>Volatility Index</u> futures contract.
<b>TICKER SYMBOL:</b>	<p>[Futures – TBD Cash Index – GVZ]  <u>CBOE Equity VIX on Apple – VXAPL</u>  <u>CBOE Equity VIX on Amazon – VXAZN</u>  <u>CBOE Equity VIX on Goldman Sachs – VXGS</u>  <u>CBOE Equity VIX on Google – VXGOG</u>  <u>CBOE Equity VIX on IBM – VXIBM</u>  <u>CBOE Gold ETF Volatility Index – GVZ</u>  <u>CBOE Crude Oil ETF Volatility Index – OVX</u>  <u>CBOE Emerging Markets ETF Volatility Index – VXEEM</u>  <u>CBOE China ETF Volatility Index – VXFXXI</u>  <u>CBOE Brazil ETF Volatility Index – VXEWWZ</u>  <u>CBOE Gold Miners ETF Volatility Index – VXGDXX</u>  <u>CBOE Energy Sector ETF Volatility Index – VXXLE</u></p>
<b>PRICING CONVENTIONS:</b>	Both futures prices and cash index levels are stated in decimal format.
<b>MINIMUM PRICE INTERVALS:</b>	0.05 of one [GVZ] <u>Volatility Index</u> point (equal to \$50.00 per contract). 0.01 of one [GVZ] <u>Volatility Index</u> point (equal to \$10.00 per contract) for spreads.
<b>DOLLAR VALUE PER TICK:</b>	\$50.00 per contract.
<b>TERMINATION OF TRADING:</b>	The close of trading on the day before the Final Settlement Date. When the last trading day is moved because of a CFE holiday, the last trading day for expiring [GVZ] <u>Volatility Index</u> futures contracts will be the day immediately preceding the last regularly scheduled trading day.
<b>FINAL SETTLEMENT DATE:</b>	The Wednesday that is thirty days prior to the third Friday of the calendar month immediately following the month in which the contract expires ("Final Settlement Date"). If the third Friday of the month subsequent to expiration of the applicable [GVZ] <u>Volatility Index</u> futures contract is a CBOE holiday, the Final Settlement Date for the contract shall be thirty days prior to the CBOE business day immediately preceding that Friday.
<b>FINAL SETTLEMENT VALUE:</b>	The final-settlement value for [GVZ] <u>Volatility Index</u> futures shall be a Special Opening Quotation ("SOQ") of the [GVZ] <u>Volatility Index</u> calculated from the sequence of opening prices of a single strip of [GLD] options <u>on the underlying stock or ETF</u> expiring 30 days after the settlement date. The opening price for any series in which there is no trade shall be the average of that option's bid price and ask price as determined at the opening of trading. Exercise will result in delivery of cash on the business day following expiration. The final settlement value will be rounded to the nearest \$0.01. If

	<p>the final settlement value is not available or the normal settlement procedure cannot be utilized due to a trading disruption or other unusual circumstance, the final settlement value will be determined in accordance with the rules and bylaws of The Options Clearing Corporation.</p>
<p><b>DELIVERY:</b></p>	<p>Settlement of [GVZ] a <u>Volatility Index</u> futures contract[s] will result in the delivery of a cash settlement amount on the business day immediately following the Final Settlement Date. The cash settlement amount on the Final Settlement Date shall be the final mark to market amount against the final settlement price of the [GVZ] <u>Volatility Index</u> futures contract multiplied by \$1,000.00.</p>
<p><b>POSITION LIMITS:</b></p>	<p>[GVZ] <u>Volatility Index</u> futures contracts are subject to position limits under Rule 412.</p> <p>A person may not own or control: (1) more than 5,000 contracts net long or net short in all [GVZ] <u>Volatility Index</u> futures contracts <u>on the same Volatility Index</u> combined; (2) more than 3,000 contracts net long or net short in the expiring [GVZ futures] contract month <u>for a Volatility Index future</u>; and (3) more than 1,350 contracts net long or net short in the expiring [GVZ futures] contract <u>for a Volatility Index future</u> held during the last [five (] 5 [)] trading days for the expiring [GVZ] <u>Volatility Index</u> futures contract month. 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.</p> <p>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.</p>
<p><b>MINIMUM REPORTABLE LEVEL:</b></p>	<p>200 or more contracts <u>of a Volatility Index future</u>.</p>

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**Rule Chapter Setting Forth Contract Specifications for [CBOE Gold ETF Volatility Index ("GVZ")] Individual Stock Based and Exchange Traded Fund Based Volatility Index ("Volatility Index") Security Futures**

\* \* \* \* \*

**CHAPTER 16**  
**[CBOE GOLD ETF VOLATILITY INDEX] INDIVIDUAL STOCK BASED AND EXCHANGE TRADED FUND BASED VOLATILITY INDEX**  
**SECURITY FUTURES CONTRACT SPECIFICATIONS**

**1601. Scope of Chapter**

This chapter applies to trading in [CBOE Gold ETF Volatility Index ("GVZ")] 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 GVZ security futures contract was first listed for trading on the Exchange on March 25, 2011.] The Exchange may list the following Volatility Index security futures contracts 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.

**1602. Contract Specifications**

(a) *Multiplier.* The contract multiplier for each [GVZ] Volatility Index futures contract is \$1,000.00. For example, a contract size of one [GVZ] Volatility Index futures contract would be \$18,950 if the [GVZ (the "Index")] underlying Volatility Index level were 18.95 (18.95 x \$1,000.00).

(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 [the GVZ] a Volatility Index futures contract.

The final settlement date for a [GVZ] Volatility Index futures contract shall be on the [third Friday of the expiring futures contract month] 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 [expiring] month subsequent to expiration of the

applicable Volatility Index futures contract is a [CFE] CBOE holiday, the Final Settlement Date for the [expiring] contract shall be thirty days prior to the [CFE] CBOE business day immediately preceding [the] that third Friday.

The trading days for [GVZ] a Volatility Index futures contract[s] shall be the same as the trading days of the component options [on SPDR Gold Shares ("GLD")] comprising the respective Volatility Index, as those days are determined by CBOE.

[The trading hours for GVZ contracts are from 8:30 a.m. Chicago time to 3:00 p.m. Chicago time.]

**Trading Hours**

**Volatility Index Security Future**

8:30 a.m. – 3:00 p.m. (Chicago Time)

VXAPL  
VXAZN  
VXGS  
VXGOG  
VXIBM  
GVZ  
OVX  
VXFXI  
VXEWZ  
VXGDX

**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 [the GVZ] a Volatility Index 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 GVZ] a Volatility Index futures contract may be in increments of 0.01 index points, which has a value of \$10.00.

(d) *Position Limits.* [GVZ] Volatility Index futures are subject to position limits under Rule 412.

A person may not own or control: (1) more than 5,000 contracts net long or net short in all [GVZ] Volatility Index futures contracts on the same Volatility Index combined; (2) more than 3,000 contracts net long or net short in the expiring [GVZ futures] contract month for a Volatility Index future; and (3) more than 1,350 contracts net long or net short in the expiring [GVZ futures] contract for a Volatility Index future held during the last [five (] 5 [)] trading days for the expiring [GVZ] Volatility Index futures contract month. 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.

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 [the GVZ] a Volatility Index futures contract terminates on the business day immediately preceding the final settlement date of the [GVZ] 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 [GVZ] 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)(ii), the base allocation method of price-time priority shall apply to trading in [GVZ] 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 request for quote response period under Rule 407(a) for the request for quote required to be sent before the initiation of a cross trade under Rule 407 is five seconds. Following the request for quote response period, the Trading Privilege Holder or Authorized Trader, as applicable, must expose to the market for at least three seconds under Rule 407(b) at least one of the original Orders that it intends to cross.

(i) *Price Limits and Halts.* Pursuant to Rule 413, [GVZ] Volatility Index futures contracts are not subject to price limits.

Trading in [GVZ] Volatility Index futures contracts shall be halted to the extent required by Rule 417 relating to "regulatory halts" and whenever a market-wide trading halt commonly known as a circuit breaker is in effect on the New York Stock Exchange in response to extraordinary market conditions.

(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 [GVZ] 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 [the GVZ] 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 [the GVZ] a Volatility Index futures contract is [200] 100 contracts if there is only one leg involved in the trade. If the Block Trade is executed as a spread order, one leg must meet the minimum Block Trade quantity for [the GVZ] a Volatility Index futures contract and the other leg(s) must have a contract size that is reasonably related to the leg meeting

the minimum Block Trade quantity. 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 [GVZ] a Volatility Index futures contract[s] (a “strip”), the minimum Block Trade quantity for the strip is [300] 150 contracts and each leg of the strip is required to have a minimum size of [100] 50 contracts.

The minimum price increment for a Block Trade in [the GVZ] 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 [the GVZ] 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 [the GVZ] a Volatility Index [F]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 [GVZ] Volatility Index futures contract. In accordance with Policy and Procedure III, the Help Desk will determine what the true market price for the relevant Contract was immediately before the potential error trade occurred. In making that determination, the Help Desk may consider all relevant factors, including the last trade price for such Contract, a better bid or offer price, a more recent price in a different 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 three seconds after the first Order was entered into the CBOE System. If no bid or offer price exist in the relevant [GVZ] Volatility Index futures contract, the RFQ Response Period under Policy and Procedure IV that must elapse following the request for quote that is required to be sent prior to the entry of the first Order is five seconds.

(n) *Reportable Position.* Pursuant to Commission Regulation §15.03 and Commission Regulation Part 17, the position level that is required to be reported to the Commission is any open position in [GVZ] a Volatility Index futures contract[s] at the close of trading on any trading day equal to or in excess of 200 contracts on either side of the market.

(o) *Threshold Widths.* For purposes of Policy and Procedure I and Policy and Procedure II, the Threshold Widths for [the GVZ] a Volatility Index futures contract are as follows:

<b>[GVZ] <u>Volatility Index</u> Level</b>	<b>Threshold Width</b>
1 – 100	20
100 – 200	50
200 – 10000	100

The minimum size of bids and offers that establish a Threshold Width is one contract.

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

(q) Trade at Settlement Transactions. Trade at Settlement ("TAS") transactions are not permitted in Volatility Index Futures.

### **1603. Settlement**

Settlement of [GVZ] a Volatility Index futures contract[s] 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 [GVZ] Volatility Index futures contract multiplied by \$1,000.00. The final settlement price of the [GVZ] Volatility Index futures contract will be rounded to the nearest \$0.01.

Clearing Members holding open positions in [GVZ] a Volatility Index futures contract[s] 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 [GVZ] 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 [GVZ] the Volatility Indexes identified in Rule 1601 because [GVZ] these Volatility Indexes are [is] eligible to underlie options traded on a national securities exchange. [GVZ] A Volatility Index security futures contract shall remain eligible for listing and trading on the Exchange so long as [GVZ] the applicable Volatility Index remains eligible to underlie options traded on a national securities exchange. If at any time [GVZ] a Volatility Index no longer remains eligible to underlie options traded on a national securities exchange, [GVZ] that Volatility Index shall be ineligible to underlie security futures and the Exchange will not open for trading any additional [GVZ] futures contracts on that Volatility Index [for trading] until [GVZ] that Volatility Index becomes eligible again to underlie options traded on a national securities exchange.