



CFE Daily Settlement Prices in the Event of Unscheduled Early Close

Reference ID: C2020031700

Overview

This notice describes the manner in which Cboe Futures Exchange, LLC (CFE) determines daily settlement prices in the event of an unscheduled early close of trading, such as would result following a Level 3 market-wide circuit breaker trading halt due to a 20% decline in the S&P 500 Index.

Daily Settlement Price Determination Process

The CFE Rulebook contains a contract specification rule chapter for each CFE product describing the manner in which CFE determines the daily settlement prices for each contract expiration in that product. The process is substantially the same for each product. This notice uses Cboe Volatility Index (VX) futures as the example in describing this process.

The pertinent part of CFE Rule 1202(p) provides that “The daily settlement price for a VX futures Contract is 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 close of regular 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. 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.”

Under this provision, if CFE were to have an unscheduled early close of trading, the daily settlement price would be determined based on the average of the bid and the offer from the last best two-sided market which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value in the applicable VX futures contract during the business day prior to the early close of trading. **Trade at settlement (VXT) transactions in the applicable VX futures contract executed prior to the early close of trading would then be consummated utilizing this daily settlement price to determine the price at which they would be cleared.**

In the event of an unscheduled early close of trading, CFE currently expects to determine daily settlement prices in this manner. **However, depending upon the facts and circumstances at the time, it is possible that a different daily settlement price could be used as further described below.**

All CFE daily settlement prices are posted to the CFE website.

Other Related Provisions

The CFE Rulebook product specification rule chapters contain additional provisions addressing how the daily settlement price is determined if prior to the close of trading hours there is no two-sided market in a 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.

Additionally, the CFE Rulebook product specification rule chapters provide that CFE may in its sole discretion establish a daily settlement price that it deems to be a fair and reasonable reflection of the market if: (1) CFE determines in its sole discretion that the daily settlement price determined by the parameters described above is not a fair and reasonable reflection of the market; or (2) there is a trading halt or other unusual circumstance at the scheduled close of regular trading hours.

Please refer to the CFE Rulebook for further detail.

Additional Information

Please contact the CFE Trade Desk or your Business Development contact for support or with any questions.

We appreciate your business and remain committed to powering your potential with Cboe products, technologies, and solutions.

CFE Trade Desk

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