



Cboe[®] iBoxx[®] iShares[®] \$ High Yield Corporate Bond Index Futures Product Launch Update

Reference ID: C2018082800

Overview (UPDATED)

Cboe Futures Exchange, LLC (“CFE”) is pleased to announce plans to launch trading in Cboe[®] iBoxx[®] iShares[®] \$ High Yield Corporate Bond Index (“IBHY”) futures on Monday, September 10, 2018 at 8:30 a.m. CT, subject to regulatory review. **This notice has been updated to include IBHY futures margin requirements.**

IBHY futures are cash-settled futures on the iBoxx[®] iShares[®] \$ High Yield Corporate Bond Index (“IBXXIBHY Index”). The IBXXIBHY Index provides a measure of the U.S. dollar denominated, sub-investment grade corporate bond market.

CFE will also allow for Trade at Settlement (“TAS”) transactions in IBHY futures under the ticker symbol IBHYT. CFE’s trading system treats each TAS single leg expiration and each TAS spread like a unique contract from a system perspective. Accordingly, this notice refers to these IBHY TAS instruments as IBHYT futures.

Product Specifications

Trading hours for IBHY and IBHYT futures will be Monday – Friday from 8:30 a.m. CT – 3:15 p.m. CT. The pre-open (queuing) period will begin at 6:00 a.m. CT. Trading hours for an expiring IBHY futures contract will end at 2:00 p.m. CT on its final settlement date. Trading hours for an expiring IBHYT futures contract will end at 3:15 p.m. CT on the day prior to its final settlement date.

The minimum increment tick size for single leg IBHY futures transactions executed through CFE’s trading system will be 0.01 index points. The minimum tick size for single leg IBHYT future transactions executed through CFE’s trading system will be .005 index points. IBHY and IBHYT futures will have a \$0.01 tick increment for individual legs and net prices of spread trades and a \$0.005 tick increment for block trades and exchange of contract for related position transactions.

Complete product specifications and product specification rules for IBHY futures are included in CFE’s [product certification](#) for IBHY futures. Upon activation, [current Product Level System Parameters](#) will always be available on <http://markets.cboe.com>.

IBHY and IBHYT Product Testing Opportunities

IBHY and IBHYT futures are available for testing in the CFE Certification environment. We strongly encourage all IBHY/IBHYT futures trading participants to test in our CFE Certification environment prior to trading in the CFE Production environment.

New Contract Details

Below are the IBHY/IBHYT futures expirations that CFE plans to list on September 10, 2018 for the IBHY futures product launch.

Product	Month/Year or Futures Symbol	Listing Date	Last Trading Day	Final Settlement Date
Cboe® iBoxx® iShares® \$ High Yield Corporate Bond Index Futures (IBHY)	IBHY/OCT 18	SEP 10 18	OCT 01 18 2:00 pm CT	OCT 01 18
	IBHY/NOV 18	SEP 10 18	NOV 01 18 2:00 pm CT	NOV 01 18
	IBHY/DEC 18	SEP 10 18	DEC 03 18 2:00 pm CT	DEC 03 18
	IBHY/JAN 19	SEP 10 18	JAN 02 19 2:00 pm CT	JAN 02 19
Cboe® iBoxx® iShares® \$ High Yield Corporate Bond Index TAS Transactions (IBHYT)	IBHYT/OCT 18	SEP 10 18	SEP 28 18	OCT 01 18
	IBHYT/NOV 18	SEP 10 18	OCT 31 18	NOV 01 18
	IBHYT/DEC 18	SEP 10 18	NOV 30 18	DEC 03 18
	IBHYT/JAN 19	SEP 10 18	DEC 31 18	JAN 02 19

Fee Schedule Update

CFE plans to implement the following transaction fees for iBoxx® iShares® Bond Index (“Corporate Bond Index” or “CB Index”) futures, including IBHY and IBHYT futures:

- | | |
|---|--|
| A. CFE TPH Permit Holder | \$0.30 |
| B. Customer | \$1.00 |
| C. Day Trade | There is no day trade discount applicable to IBHY futures. |
| D. Block Trades | \$1.00 |
| (Fee is in addition to other applicable transaction fees) | |
| E. CFE Regulatory Fee | \$0.04 |

IBHY/IBHYT Fee Codes

IBHY and IBHYT Fee codes are referenced below.

Fee Code	Product	Description
IC	IBHY, IBHYT	Corporate Bond Future - Customer
IP	IBHY, IBHYT	Corporate Bond Future -TPH

Margin Requirements for IBHY Futures **(NEW)**

The current margin requirements for all IBHY futures contracts are:

Margin Type	Outright	Spread (intra-commodity, all contract pairings)
Speculative Customer Initial	\$1,320	\$165
Customer Maintenance	\$1,200	\$150

The customer maintenance margin requirement is both the initial and maintenance margin requirement for hedgers and TPHs.

The Options Clearing Corporation (“OCC”) has updated CFE’s SPAN® file to accommodate SPAN margining of IBHY futures.

These requirements are minimums. Brokerage firms may impose higher margin requirements and/or impose other conditions.

As with other CFE futures contracts, the margin rates for IBHY futures are subject to change by OCC at any time.

Margin requirements for IBHY futures contracts can be found in the CFE margin table located on the CFE website at: http://markets.cboe.com/us/futures/notices/margin_updates/

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Lead Market Maker Program

CFE plans to implement a Lead Market Maker (“LMM”) Program for IBHY futures, subject to regulatory review. CFE has submitted a [rule certification](#) regarding this Program. CFE Trading Privilege Holder (“TPH”) organizations may apply for appointment as an LMM in the Program. TPH organizations may contact CFEBusinessDevelopment@cboe.com or the CFE Trade Desk for further information regarding the Program.

Applications for participation in the LMM Program must be submitted by 12:00 p.m. CT on August 31, 2018. Applications should be in the form of a letter that includes a firm’s qualifications, proposed commitments, and other information the firm deems relevant.

CFE will review all applications received and determine which firms to appoint to the LMM Program, notifying each applicant on or before September 5, 2018. Please direct all applications and any questions regarding the LMM Program to CFEBusinessDevelopment@cboe.com or the CFE Trade Desk.

CFE Clearing and TPH Risk Control Parameters

TPH organizations interested in trading IBHY and IBHYT futures must contact their clearing firm to assure that Clearing Firm Risk Controls are set prior to participating in IBHY and IBHYT future trading. Optional TPH Risk Controls are also available through the CFE Customer Web Portal.

Additional Information

For more information refer to:

- ❖ [Cboe IBHY Web Page](#)
- ❖ [CFE Fee Schedule](#)
- ❖ [Product Level System Parameters](#)

These items will be updated upon the launch of IBHY futures.

Please contact the CFE Trade Desk for support or with any further questions.

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

CFE Trade Desk

312.786.8700

cfetradedesk@cboe.com

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