



Mini VIX Futures Product Launch

Reference ID: C2020071300

Overview

Applicable Cboe Exchange: CFE

Cboe Futures Exchange, LLC ("CFE") is pleased to announce plans to launch trading in Mini Cboe Volatility Index ("VXM") futures on **Sunday August 9, 2020** for business date Monday, August 10, 2020, *subject to regulatory review*.

VXM futures are cash-settled futures on the Cboe Volatility Index ("VIX Index") having one-tenth of the contract size of Cboe Volatility Index (VX) futures and a \$100 contract multiplier.

Product Specifications

With the exception of contract size, VXM futures product specifications are similar to the product specifications for VX futures.

VXM futures will have the same trading hours as VX futures. Regular trading hours for VXM futures will be Monday – Friday from 8:30 a.m. CT – 3:15 p.m. CT. Extended trading hours for VXM futures will be on business days Monday - Friday, from 5:00 p.m. (previous day) to 8:30 a.m. CT and 3:30 p.m. CT to 4:00 p.m. CT. Trading hours for an expiring VXM futures contract will end at 8:00 a.m. CT on its final settlement date.

Trade at Settlement ("TAS") transactions will be permitted in VXM futures under the ticker symbol VXMT. CFE's trading system treats each TAS single leg expiration and each TAS spread as a unique contract from a system perspective. Accordingly, this notice refers to these VXM TAS instruments as VXMT futures. Trading hours for an expiring VXMT futures contract will end at 3:15 p.m. CT on the day prior to its final settlement date. TAS transactions in an expiring VXM futures contract are not permitted during the business day of its final settlement date.

The minimum increment for single leg VXM futures transactions executed through CFE's trading system will be 0.05 index points. The minimum increment for the individual legs and net prices of spread trades in VXM futures will be 0.01 index points. The minimum increment for a TAS single leg transaction and a TAS spread transaction in VXM futures that is not a Block Trade or an Exchange of Contract for Related Position ("ECRP") transaction will be 0.01 index points. The minimum increment for a TAS and non-TAS Block Trade will be 0.005 index points. The minimum increment for a TAS and non-TAS ECRP transaction will be 0.005 index points.

The minimum quantity for a single leg VXM futures Block Trade will be 2,000 contracts. The minimum quantity for a Block Trade with legs in multiple contract expirations in which all legs of the Block Trade are exclusively for the purchase or sale of VXM futures contracts (a “strip”) will be 3,000 contracts, and each leg of the strip will be required to have a minimum size of 1,000 contracts. If a Block Trade is executed as a spread transaction that is not a strip, one leg of the spread will be required to have a minimum size of 2,000 contracts and the other leg(s) of the spread will each be required to have a minimum size of 1,000 contracts.

The daily settlement price for a VXM futures contract will be the daily settlement price for the VX futures contract with the same final statement date. The final statement value of a VXM future will be the same Special Opening Quotation (“SOQ”) of the VIX Index that is calculated for the VX future with the same final settlement date.

The final settlement date for VXM futures will be on the Wednesday that is 30 days prior to the third Friday of the calendar month immediately following the month in which the contract expires.

Please consult the CFE website for more detailed VXM futures product specifications as well as [current Product Level System Parameters](#), which will be updated with VXM futures data upon launch of the product.

Product Testing Opportunities

VXM futures are available for testing in the CFE certification environment. We strongly encourage all VXM futures trading participants to test in the CFE certification environment prior to trading in the CFE production environment.

New Contract Details

Details regarding the initial VXM futures contract expirations that will be listed for trading on CFE will be communicated in a forthcoming notice.

Fee Schedule Update

CFE will provide further VXM futures transaction fee information in a forthcoming notice.

Margin Requirements for VXM Futures

CFE will provide information regarding margin requirements for VXM futures in a forthcoming notice.

Lead Market Maker Program

CFE plans to implement a Lead Market Maker (“LMM”) Program for VXM futures, subject to regulatory review. CFE will provide information regarding the LMM Program in a forthcoming notice.

CFE Clearing and TPH Risk Control Parameters

For the purpose of the Net Long Contracts and Net Short Contracts risk protections, VX and VXM orders and executions will be combined. When calculating the risk protection, VXM contracts are considered as fractional VX contracts such that one VXM contract equals 0.1 VX contract. The thresholds set by the Clearing Firms and TPHs will continue to be integers and can be set for all VX-related products (including VX, VXT, VXM and VXMT).

The combined Net Long/Net Short Contracts clearing firm risk protections for VX/VXM and VXT/VXMT products will require new product descriptions associated with the Clearing Firm Level risk control CSV file(s). These product descriptions are "VXPL" for VX and VXM product combinations and "VXTPL" for VXT and VXMT product combinations. The new Net Long/Net Short product descriptions must be in place in order for TPHs to trade VX,VXM, VXT or VXMT futures.

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

Additional Information

For more information, refer to the following documents and specifications. A number of these items will be updated upon the launch of VXM futures.

- [CFE Fee Schedule](#)
- [Product Level System Parameters](#)
- [CFE Trading Hours](#)
- [CFE VXM Rule Filing](#)
- [Cboe Futures Exchange Risk Management Specification](#)

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

We appreciate your business. Our trading community inspires and drives our mission of defining markets.

CFE Trade Desk

312.786.8700

cfetradedesk@cboe.com