



February 8, 2024

Christopher J. Kirkpatrick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Cboe Futures Exchange, LLC Rule Certification
Submission Number CFE-2024-004

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Regulation 40.6(a) promulgated by the Commodity Futures Trading Commission (“CFTC” or “Commission”) under the Act, Cboe Futures Exchange, LLC (“CFE” or “Exchange”) hereby submits a CFE rule amendment (“Amendment”) to further clarify CFE’s rule provisions relating to the execution of Derived Block Trades. Exhibit 1 to this submission sets forth the rule changes included in the Amendment. The Amendment will become effective on or after February 23, 2024, on a date to be announced by the Exchange through the issuance of an Exchange notice.

Current Provisions Relating to Derived Block Trades

A Derived Block Trade is a Block Trade in which the trade price and contract quantity of the Block Trade are dependent upon one or more hedging transactions conducted by one of the parties to the Block Trade (referred to as the Hedging Party) that take place after the Block Trade has been consummated between the parties but prior to the submission of the Block Trade to the Exchange. For example, the Hedging Party in a Derived Block Trade may be a dealer, and the counterparty in the Derived Block Trade may be a client of the dealer

CFE Rule 415 (Block Trades) includes rule provisions that govern the execution of Derived Block Trades. These provisions are included in Rule 415(s). Derived Block Trades may be consummated in CFE contracts designated by the Exchange and for which the rules governing the applicable contract explicitly provide that Derived Block Trades are permitted in that contract.

CFE currently permits Derived Block Trades to be consummated in Cboe[®] iBoxx[®] iShares[®] Bond Index futures (“CB Index futures”) pursuant to CFE Rule 1502 (Contract Specifications).¹ The following CB Index futures products are currently listed for trading on CFE: (i) Cboe[®] iBoxx[®] iShares[®] \$ High Yield Corporate Bond Index Futures (“IBHY futures”) and (ii) Cboe[®] iBoxx[®] iShares[®] \$ Investment Grade Corporate Bond Index Futures (“IBIG futures”).

¹ See Exhibit 2 for disclaimers and trademarks with respect to CB Index futures relating to and of S&P Dow Jones Indices LLC and BlackRock Fund Advisors.

Clarifying Updates to Derived Block Trade Provisions

CFE recently adopted the CFE rule provisions relating to Derived Block Trades.² Since that time, CFE has received questions from market participants regarding the requirements under those provisions. The purpose of the Amendment is to update those provisions in order to provide additional detail and clarity to market participants regarding the application of those provisions.

Specifically, CFE is making the following clarifying updates to the CFE rule provisions relating to Derived Block Trades included in Rule 415(s) in the Amendment:

- CFE is clarifying that the trade price of a Derived Block Trade is determined by a methodology that is agreed to by the parties to the Derived Block Trade as part of the consummation of the Derived Block Trade which is based on the cost of the hedging transactions by the Hedging Party relating to the Derived Block Trade.
 - The current provision in this regard refers to the trade price of a Derived Block Trade being determined by the cost of the hedging transactions by the Hedging Party relating to the Derived Block Trade, plus or minus a fixed differential, or basis, to be added to or subtracted from the cost of the hedging transaction(s).
 - This is one way in which the trade price of a Derived Block Trade may be determined, but there are other methods to do so as well based on the cost of the hedging transactions by the Hedging Party relating to the Derived Block Trade.
 - Accordingly, CFE is revising this provision to make clear that other methods of determining the trade price of a Derived Block Trade based on the cost of the hedging transactions by the Hedging Party relating to the Derived Block Trade are permitted.
- The Amendment clarifies that the parties to a Derived Block Trade may agree to the size of the Derived Block Trade either by agreeing to the number of contracts to be traded between the parties as part of the Derived Block Trade or by agreeing to the notional value of the Derived Block Trade. In each case, the Derived Block Trade size that is agreed upon by the parties must meet or exceed the Block Trade minimum quantity threshold for the applicable contract.
- Consistent with the first clarifying revision described above, CFE is replacing other references to agreement by the parties to a basis that is to be added to or subtracted from the cost of the hedging transactions(s) by the Hedging Party relating to a Derived Block Trade in order to calculate the trade price of the Derived Block Trade with references to agreement by the parties to a methodology for calculating the price of a Derived Block Trade, including specification of the amount of any basis, ratio, number, percentage, fraction, or other value to be used in that calculation.
- Similarly, CFE is adding a new provision to Rule 415(s) to clarify that the methodology for calculating the price of a Derived Block Trade may include the current methodology that is specified in the rule involving a basis that is added to or subtracted from the cost of the hedging transactions(s) by the Hedging Party relating to a Derived Block Trade (and

² See CFE Rule Certification Submission Number [23-019](#) dated October 19, 2023.

that the basis may be expressed as either a number or percentage), a methodology involving the use of a ratio which CFE understands certain market participants may wish to utilize for Derived Block Trades involving CB Index futures (which may also be expressed as either a number, percentage, or fraction), or another methodology that may be agreed to by the parties to a Derived Block Trade that is based on the cost of the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade. In particular, new Rule 415(s)(viii) provides that the methodology for calculating the price of a Derived Block Trade may include:

- the addition or subtraction of a basis to or from the cost per contract to be traded as part of the Derived Block Trade of the hedging transactions(s) by the Hedging Party relating to the Derived Block Trade, in which case the methodology for calculating the price of the Derived Block Trade would also include specification of the amount of that basis (which can be expressed as either a number or percentage);
 - the multiplication of a ratio by the price per share or other unit that is derived from the execution methodology of the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade, in which case the methodology for calculating the price of the Derived Block Trade would also include specification of the amount of that ratio (which can be expressed as a number, percentage, or fraction); or
 - another methodology for calculating the price of the Derived Block Trade agreed to by the parties to the Derived Block Trade which is based on the cost of the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade, in which case the methodology for calculating the price of the Derived Block Trade would also include specification of the amount of any value to be used in that calculation.
- The Amendment provides a non-exclusive list of examples of how this information can be reflected on an order ticket and/or in the notification to the Exchange regarding a Derived Block Trade, as applicable.
 - For example, if the methodology for calculating the price of a Derived Block Trade is to determine the total cost of the hedging transaction(s), divide that cost by the number of contracts traded as part of the Derived Block Trade, and add a basis of \$0.05 to that per contract amount, one way to reflect this information would be to state: Add basis of .05 to per futures contract hedge cost.
 - As another example, if the methodology for calculating the price of a Derived Block Trade is to determine the total cost of the hedging transaction(s), divide that cost by the number of contracts traded as part of the Derived Block Trade, and add a percentage of 2% to that per contract amount, one way to reflect this information would be to state: Add 2% to per futures contract hedge cost.
 - As an additional example, if the methodology for calculating the price of a Derived Block Trade is to determine the volume weighted average price (“VWAP”) per share or other unit of the hedging transaction(s) and to multiply that VWAP by a ratio of 1.7, one way to reflect this information would be to state: Multiply hedge VWAP by ratio of 1.7.
 - As another example, if the methodology for calculating the price of a Derived Block Trade is to determine the VWAP per share or other unit of the hedging

transaction(s) and to multiply that VWAP by a ratio of 151 divided by 75, one way to reflect this information would be to state: Multiply hedge VWAP by ratio of 151/75.

- As a further example, if the methodology for calculating the price of a Derived Block Trade is to determine the VWAP per contract or other unit of the hedging transaction(s) and to multiply that VWAP by a percentage of 170%, one way to reflect this information would be to state: Multiply hedge VWAP by 170%.
- The Amendment renumbers certain provisions of Rule 415(s) as a result of the addition of new subparagraph (s)(viii) to Rule 415(s).
- The Amendment clarifies that among the information relating to a Derived Block Trade that is required to be retained and provided to the Exchange upon request are any records relating to the calculation of the price of the Derived Block Trade.

Statutory Basis

CFE believes that the Amendment is consistent with the Designated Contract Market (“DCM”) Core Principles under Section 5 of the Act. In particular, CFE believes that the Amendment is consistent with:

- DCM Core Principle 2 (Compliance with Rules) in that the Amendment provides guidance in CFE’s rules regarding the required steps in order to execute a Derived Block Trade, which contributes to facilitating compliance with CFE rules;
- DCM Core Principle 7 (Availability of General Information) because the Amendment provides additional clarity to market participants relating to the application of CFE’s rule provisions relating to Derived Block Trades;
- DCM Core Principle 9 (Execution of Transactions) because the Amendment:
 - contributes to the provision by CFE of a competitive, open, and efficient market and mechanism for executing transactions by enhancing the capability of market participants to provide liquidity for large size trades by enhancing their ability to hedge the resulting positions; and
 - protects the price discovery process of trading on CFE’s centralized market by making Derived Block Trades subject to Block Trade minimum quantity thresholds and other Block Trade requirements, such as reporting and recordkeeping provisions; and
- DCM Core Principle 10 (Trade Information) because the Amendment provides for the reporting to the Exchange of pertinent information relating to Derived Block Trades and for recordkeeping obligations relating to these transactions, which contributes to CFE’s ability to have and obtain trade information that CFE may utilize in reviewing whether Derived Block Trades comply with CFE rules.

CFE believes that the impact of the Amendment will be beneficial to the public and market participants. CFE is not aware of any substantive opposing views to the Amendment. CFE hereby certifies that the Amendment complies with the Act and the 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 website (http://www.cboe.com/us/futures/regulation/rule_filings/cfe/) concurrent with the filing of this submission with the Commission.

Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 and Shane Wilkerson at (484) 798-9350. Please reference our submission number CFE-2024-004 in any related correspondence.

Cboe Futures Exchange, LLC

/s/ Laura Fuson

By: Laura Fuson
Managing Director

EXHIBIT 1

The Amendment, marked to show additions in underlined text and deletions in ~~stricken~~ text, consists of the following:

Cboe Futures Exchange, LLC Rulebook

* * * * *

415. Block Trades

(a) No changes.

(b) The price at which a Block Trade is executed must be “fair and reasonable” in light of (i) the size of the Block Trade; (ii) the prices and sizes, at the time of agreement to the Block Trade, of Orders in the Order book for the same Contract, the same contract on other markets and similar or related contracts on the Exchange and other markets, including without limitation the underlying cash and futures markets; (iii) the prices and sizes, at the time of agreement to the Block Trade, of transactions in the same Contract, the same contract on other markets and similar or related contracts on the Exchange and other markets, including without limitation the underlying cash and futures markets; (iv) the circumstances of the parties to the Block Trade; and (v) whether the Block Trade is executed as a Spread Order.

The following guidelines shall apply in determining whether the execution price of a Block Trade that is not executed as a Spread Order is “fair and reasonable.” These guidelines are general and may not be applicable in each instance. Whether the execution price of a Block Trade is “fair and reasonable” depends upon the particular facts and circumstances.

In the event the quantity present in the Order book is greater or equal to the quantity needed to fill an Order of the size of the Block Trade, it would generally be expected that the Block Trade price would be better than the price present in the Order book. In the event the quantity present in the Order book is less than the quantity needed to fill an Order of the size of the Block Trade, it would generally be expected that the Block Trade price would be relatively close to the price present in the Order book and that the amount of the differential between the two prices would be smaller to the extent that the differential between the quantity present in the Order book and the Block Trade quantity is smaller.

(c) - (d) No changes.

(e) Each Trading Privilege Holder that acts as agent for a Block Trade shall record the following details on its order ticket: (i) the Contract (including the expiration); (ii) the number of contracts traded; (iii) the price of execution or premium; (iv) the time of execution (i.e., the time at which the parties agreed to the Block Trade); (v) the arrangement time, if any (i.e., the time at which the parties agreed to enter into the Block Trade at a later time); (vi) the identity of the counterparty; (vii) that the transaction is a Block Trade; (viii) if applicable, the account number of the Customer for which the Block Trade was executed; and (ix) if applicable, the expiration, strike price and type of option (put or call) in the case of an option.

Every Trading Privilege Holder handling, executing, clearing or carrying Block Trades or positions shall identify and mark as such by appropriate symbol or designation all Block Trades or positions and all orders, records and memoranda pertaining thereto.

Each Trading Privilege Holder involved in any Block Trade shall either maintain records evidencing compliance with the criteria set forth in this Rule 415 or be able to obtain such records from its Customer involved in the Block Trade. Upon request by the Exchange and within the time frame designated by the Exchange, any such Trading Privilege Holder shall produce satisfactory evidence, including any required order ticket, that the Block Trade meets the requirements set forth in this Rule 415. Each Clearing Member carrying a Customer account for which a Block Trade is executed shall be responsible for obtaining and submitting to the Exchange in a timely and complete manner the records of its Customer regarding the Block Trade.

(f) - (g) No changes.

(h) The notification to the Exchange of a Block Trade shall include (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 or product, expiration, strike price and type of option (put or call) in the case of an option), price (or premium for an option) 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) Order Entry Operator ID; (vi) EFID; (vii) account; (viii) Clearing Corporation origin code; (ix) Customer Type Indicator code; and (x) any other information required by the Exchange.

(i) - (r) No changes.

(s) A Derived Block Trade is a Block Trade in which the trade price and contract quantity of the Block Trade are dependent upon one or more hedging transactions conducted by one of the parties to the Block Trade (“Hedging Party”) that take place after the Block Trade has been consummated between the parties but prior to the submission of the Block Trade to the Exchange. For example, the Hedging Party in a Derived Block Trade may be a dealer, and the counterparty in the Derived Block Trade may be a client of the dealer.

The trade price of a Derived Block Trade is determined by a methodology the cost of the hedging transactions by the Hedging Party relating to the Derived Block Trade, plus or minus a fixed differential, or basis, to be added to or subtracted from the cost of the hedging transaction(s), that is agreed to by the parties to the Derived Block Trade as part of the consummation of the Derived Block Trade which is based on the cost of the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade.

The contract quantity of a Derived Block Trade may vary depending upon the quantity of the hedging transaction(s) relating to the Derived Block Trade that the Hedging Party is able to execute, as further described below.

Derived Block Trades are subject to the requirements of this paragraph (s). Derived Block Trades are also subject to the other requirements that apply to Block Trades, except to the extent that those other requirements are modified by the provisions of this paragraph (s).

(i) Derived Block Trades may only be consummated in Exchange Contracts designated by the Exchange and for which the rules governing the applicable Contract explicitly provide that Derived Block Trades are permitted in that Contract.

(ii) If the rules governing a Contract permit Derived Block Trades to be executed in that Contract, those rules will specify whether Derived Block Trades in that Contract may be executed as a single leg transaction or as either a single leg transaction or a spread transaction.

(iii) The parties to a Derived Block Trade must agree upon the following items as part of the consummation of a Derived Block Trade:

(A) the execution of the transaction will be consummated as a Derived Block Trade;

(B) the number of contracts to be traded between the parties as part of the Derived Block Trade or the notional value of the Derived Block Trade, which must meet or exceed the Block Trade minimum quantity threshold for the applicable Contract;

(C) the product(s) in which the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade will take place;

(D) the execution methodology for the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade; and

(E) ~~the basis to be added to or subtracted from the cost of the hedging transactions(s) by the Hedging Party relating to the Derived Block Trade in order to calculate the trade price of the Derived Block Trade~~ the methodology for calculating the price of the Derived Block Trade, including specification of the amount of any basis, ratio, number, percentage, fraction or other value to be used in that calculation.

(iv) The ~~basis~~ methodology for calculating the price of a Derived Block Trade must be fair and reasonable at the time it is agreed to by the parties to the Derived Block Trade so that the expected trade price of the Derived Block Trade at that time is consistent with the principles set forth in paragraph (b) above.

(v) The Hedging Party may not execute any hedging transactions relating to a Derived Block Trade until after the parties to the Derived Block Trade have agreed upon the items enumerated in subparagraph (s)(iii) above and consummated the Derived Block Trade.

(vi) Any product(s) in which hedging transaction(s) by the Hedging Party relating to a Derived Block Trade will take place must evidence a reasonable degree of price correlation to the Exchange Contract that is being traded by the parties through the Derived Block Trade.

(vii) The execution methodology for the hedging transaction(s) by the Hedging Party relating to a Derived Block Trade may be a Volume Weighted Average Price ("VWAP"), Time Weighted Average Price ("TWAP"), Percentage of Volume ("POV"), Limit Orders or other execution methodology agreed to by the parties to the Derived Block Trade.

(viii) The methodology for calculating the price of a Derived Block Trade may include:

(A) the addition or subtraction of a basis to or from the cost per contract to be traded as part of the Derived Block Trade of the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade, in which case the methodology for calculating the price of the Derived Block Trade would also include specification of the amount of that basis (which can be expressed as a number or percentage);

(B) the multiplication of a ratio by the price per share or other unit that is derived from the execution methodology of the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade, in which case the methodology for calculating the price of the Derived Block Trade would also include specification of the amount of that ratio (which can be expressed as a number, percentage, or fraction); or

(C) another methodology for calculating the price of the Derived Block Trade agreed to by the parties to the Derived Block Trade which is based on the cost of the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade, in which case the methodology for calculating the price of the Derived Block Trade would also include specification of the amount of any value to be used in that calculation.

~~(viii)~~ The consummation of a Derived Block Trade and the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade must occur and be reported to the Exchange on the same Exchange Business Day by no later than the end of Trading Hours on that Business Day in the Exchange Contract that is being traded by the parties through the Derived Block Trade (which is the Reporting Deadline for a Derived Block Trade).

(A) The Permissible Agreement Period for a Derived Block Trade is the same as the Permissible Agreement Period for other Block Trades. Agreement to a Derived Block Trade for this purpose includes, without limitation, agreement to the items enumerated in subparagraph (s)(iii) above.

(B) The Permissible Reporting Period for a Derived Block Trade is the same as the Permissible Reporting Period for other Block Trades.

~~(ix)~~ In the event that the Hedging Party is unable to execute the full quantity of hedges necessary to support the originally agreed upon ~~contract quantity~~ size of a Derived Block Trade, and the quantity of hedges executed by the Hedging Party relating to the Derived Block Trade corresponds to a contract quantity that meets or exceeds the Block Trade minimum quantity threshold for the applicable Contract:

(A) the Hedging Party must, at a minimum, report the Derived Block Trade to the Exchange at a contract quantity that corresponds to the quantity of hedges that the Hedging Party was able to execute; or

(B) the Hedging Party may, with the consent of the other party to the Derived Block Trade, report the Derived Block Trade to the Exchange at

up to the full ~~contract quantity~~ size originally agreed upon by the parties to the Derived Block Trade.

(~~xi~~) In the event that the Hedging Party is unable to execute the full quantity of hedges necessary to support the originally agreed upon ~~contract quantity~~ size of a Derived Block Trade, and the quantity of hedges executed by the Hedging Party relating to the Derived Block Trade corresponds to a contract quantity that is less than the Block Trade minimum quantity threshold for the applicable Contract:

(A) the Hedging Party may, with the consent of the other party to the Derived Block Trade, report the Derived Block Trade to the Exchange at a contract quantity that is at or in excess of the Block Trade minimum quantity threshold for the applicable Contract; or

(B) the Hedging Party may notify the other party to the Derived Block Trade that no Derived Block Trade was able to be completed and reported to the Exchange due to the lack of sufficient hedges to meet the Block Trade minimum quantity threshold for the applicable Contract.

(~~xii~~) Each Derived Block Trade shall be designated as a Derived Block Trade in Exchange Market Data.

(~~xiii~~) Each Trading Privilege Holder that acts as agent for a Derived Block Trade shall record on its order ticket the details listed in paragraph (e) above and the additional details listed below in this subparagraph (~~s)(xii)~~ (s)(xiii). Similarly, the notification to the Exchange of a Derived Block Trade shall include the details listed in paragraph (h) above and the following additional details listed below in this subparagraph (~~s)(xii)~~ (s)(xiii):

(A) identification of the transaction as a Derived Block Trade;

(B) the product(s) in which the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade took place;

(C) the start time and end time of the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade;

(D) the execution methodology for the hedging transaction(s) by the Hedging Party relating to the Derived Block Trade (which may be VWAP, TWAP, POV, Limit Orders or a description of any other execution methodology that was utilized); and

(E) ~~the basis added to or subtracted from the cost of the hedging transactions(s) to calculate the trade price of the Derived Block Trade~~ the methodology for calculating the price of the Derived Block Trade, including specification of the amount of any basis, ratio, or other value to be used in that calculation. The following is a non-exclusive list of examples of how this information can be reflected on an order ticket and/or in the notification to the Exchange, as applicable.

(1) If the methodology for calculating the price of a

Derived Block Trade is to determine the total cost of the hedging transaction(s), divide that cost by the number of contracts traded as part of the Derived Block Trade, and add a basis of \$0.05 to that per contract amount, one way to reflect this information would be to state: Add basis of .05 to per futures contract hedge cost.

(2) If the methodology for calculating the price of a Derived Block Trade is to determine the total cost of the hedging transaction(s), divide that cost by the number of contracts traded as part of the Derived Block Trade, and add a percentage of 2% to that per contract amount, one way to reflect this information would be to state: Add 2% to per futures contract hedge cost.

(3) If the methodology for calculating the price of a Derived Block Trade is to determine the VWAP per share or other unit of the hedging transaction(s) and to multiply that VWAP by a ratio of 1.7, one way to reflect this information would be to state: Multiply hedge VWAP by ratio of 1.7.

(4) If the methodology for calculating the price of a Derived Block Trade is to determine the VWAP per share or other unit of the hedging transaction(s) and to multiply that VWAP by a ratio of 151 divided by 75, one way to reflect this information would be to state: Multiply hedge VWAP by ratio of 151/75.

(5) If the methodology for calculating the price of a Derived Block Trade is to determine the VWAP per share or other unit of the hedging transaction(s) and to multiply that VWAP by a percentage of 170%, one way to reflect this information would be to state: Multiply hedge VWAP by 170%.

(~~xiii~~xiv) The provisions of paragraph (e) above, including without limitation the provisions of that paragraph relating to recordkeeping and the provision of information to the Exchange, shall be applicable to Derived Block Trades. Without limiting the generality of the foregoing, information required to be retained and provided to the Exchange upon request pursuant to paragraph (e) above includes:

(A) transaction information for the hedging transaction(s) by the Hedging Party relating to a Derived Block Trade, such as the product traded, transaction volume, transaction price and transaction time for each hedging transaction and the total cost of the hedging transaction(s); ~~and~~

(B) any records relating to the calculation of the price of the Derived Block Trade; and

(~~B~~C) a record by the Hedging Party that a Derived Block Trade could not be completed and reported to the Exchange, in a situation in which no Derived Block Trade was able to be completed and reported to the Exchange due to the lack of sufficient hedges to meet the Block Trade minimum quantity threshold for the applicable Contract.

(t) No changes.

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1502. Contract Specifications

(a) - (j) No changes.

(k) *Block Trades.* Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for CB Index futures is 50 contracts if there is only one leg involved in the trade. If the Block Trade is executed as a transaction with legs in multiple contract expirations, each leg must meet the minimum Block Trade quantity for CB Index futures. Any Block Trade must satisfy the requirements of Rule 415.

The minimum price increment for a Block Trade in CB Index futures is 0.005 index points.

Derived Block Trades, as set forth in Rule 415(s), may be entered into in CB Index futures. A Derived Block Trade in CB Index futures may be executed as either a single leg transaction or a spread transaction.

(l) - (r) No changes.

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EXHIBIT 2

The iBoxx iShares \$ High Yield Corporate Bond Index and the iBoxx iShares \$ Investment Grade Corporate Bond Index (“iBoxx iShares \$ Corporate Bond Indices”) are products of S&P Dow Jones Indices LLC or its affiliates or licensors (“S&P DJI”) and have been licensed for use by Cboe Exchange, Inc. iBoxx[®], S&P[®], “S&P 500[®]” and “Dividend Aristocrats[®]” are registered trademarks of Standard & Poor’s Financial Services LLC (“S&P”); Dow Jones[®] is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”) and has been licensed for use by S&P Dow Jones Indices; and these trademarks have been licensed for use by S&P DJI and sublicensed for certain purposes by Cboe Exchange, Inc. Cboe[®] iBoxx[®] iShares[®] \$ High Yield Corporate Bond Index futures and options on futures and Cboe[®] iBoxx[®] iShares[®] \$ Investment Grade Corporate Bond Index futures and options on futures are not sponsored, endorsed, sold or promoted by S&P DJI, Dow Jones, S&P, their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the iBoxx iShares \$ Corporate Bond Indices.

The iBoxx[®] iShares[®] \$ High Yield Corporate Bond Index and the iBoxx[®] iShares[®] \$ Investment Grade Corporate Bond Index (the “Indexes”), futures contracts on the Indexes and options on futures contracts on the Indexes (“Contracts”) are not sponsored by, or sold by BlackRock, Inc. or any of its affiliates (collectively, “BlackRock”). BlackRock makes no representation or warranty, express or implied to any person regarding the advisability of investing in securities, generally, or in the Contracts in particular. Nor does BlackRock make any representation or warranty as to the ability of the Index to track the performance of the fixed income securities market, generally, or the performance of HYG, LQD or any subset of fixed income securities.

BlackRock has not calculated, composed or determined the constituents or weightings of the fixed income securities that comprise the Indexes (“Underlying Data”). BlackRock is not responsible for and has not participated in the determination of the prices and amounts of the Contracts, or the timing of the issuance or sale of such Contracts or in the determination or calculation of the equation by which the Contracts are to be converted into cash (if applicable). BlackRock has no obligation or liability in connection with the administration or trading of the Contracts. BlackRock does not guarantee the accuracy or the completeness of the Underlying Data and any data included therein and BlackRock shall have no liability for any errors, omissions or interruptions related thereto.

BlackRock makes no warranty, express or implied, as to results to be obtained by S&P DJI, the parties to the Contracts or any other person with respect to the use of the Underlying Data or any data included therein. BlackRock makes no express or implied warranties and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Underlying Data or any data included therein. Without limiting any of the foregoing, in no event shall BlackRock have any liability for any special, punitive, direct, indirect or consequential damages (including lost profits) resulting from the use of the Underlying Data or any data included therein, even if notified of the possibility of such damages.

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