

## EXHIBIT 5A

(additions are underlined; deletions are [bracketed])

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Rules of Cboe Exchange, Inc.  
(currently effective)

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**[CHAPTER XXIX. CREDIT OPTION CONTRACTS**

## Introduction

The rules in this Chapter are applicable only to Credit Options. In addition, the rules in Chapters I through XIX and XXIVA are also applicable to the options provided for in this Chapter, in some cases supplemented by rules in this Chapter, except for rules that have been replaced in respect of Credit Options in this Chapter and except where the context otherwise requires. Whenever a rule in this Chapter supplements or, for purposes of this Chapter, replaces rules in Chapter I through XIX and XXIVA, that fact is indicated following the rule in this Chapter.

## Rule 29.1. Definitions

The following terms as used in this Chapter, shall unless the context otherwise indicates, have the meanings herein specified.

## Cash Settlement Amount

(a) The term “cash settlement amount” means the amount of cash that a holder will receive upon exercise of the contract.

(i) For Credit Default Options, the cash settlement amount per contract is a fixed amount equal to the exercise settlement value multiplied by a contract multiplier specified by the Exchange (which shall be at least 1 and no more than 1,000). The exercise settlement value will be an amount determined by the Exchange on a class-by-class basis and shall be equal to \$1 or \$100, or a value between those values. The cash settlement amount is payable upon automatic exercise if the Exchange confirms a Credit Event in accordance with Rule 29.9. If a Credit Event is not confirmed, the cash settlement value will be \$0. If applicable, the cash settlement amount will be adjusted in accordance with Rule 29.4.

(ii) For Credit Default Basket Options, the cash settlement amount paid for a Basket Component that has a confirmed Credit Event is equal to the Notional Face Value of the Basket Component multiplied by one minus the Basket Component recovery rate specified by the Exchange at listing. (The exercise settlement value will be equal to the cash settlement amount divided by the contract multiplier specified by the Exchange). For example, if the Notional Face Value of the Basket Component is \$10,000 and the Exchange specifies a recovery rate of 40% (or 0.40) for the particular Basket Component in which a

Credit Event is confirmed, the cash settlement amount will be \$6,000 ( $\$10,000 * (1 - 0.40)$ ). For a holder of a long Single Payout Credit Default Basket Option, the cash settlement amount, based on this equation, is paid a single time when the first Credit Event is confirmed during the life of the option. If no Credit Event is confirmed in any Basket Component in either type of Credit Default Basket Options, the cash settlement value will be \$0.

#### Credit Default Option

(b) The term “Credit Default Option” means a binary call that settles in cash based on the confirmation of a Credit Event in a Reference Entity.

#### Credit Event

(c) A “Credit Event” occurs when a Reference Entity:

(i) has a Failure-to-Pay Default on a specific debt security obligation (the “Reference Obligation”) or any other debt security obligation(s) other than non-recourse indebtedness (the set of these obligations and the Reference Obligation are referred to as the “Relevant Obligations”). The term “Failure-to-Pay Default” will be specified by the Exchange in accordance with Rule 29.2 or Rule 29.2A and will be defined in accordance with the terms of the Relevant Obligation(s), provided that the minimum failure-to-pay amount, individually or in the aggregate, shall be the greater of \$750,000 or the amount specified in accordance with the terms of the Relevant Obligation(s); and/or

(ii) has any other Event of Default on the Relevant Obligation(s). Each such “Event(s) of Default” will be specified by the Exchange in accordance with Rule 29.2 or 29.2A and, if so specified, will be defined in accordance with the terms of the Relevant Obligation(s); provided that the default relates to a principal amount of the Relevant Obligation(s), individually or in the aggregate, that is the greater of \$7.5 million or the amount specified in accordance with the terms of the Relevant Obligation(s); and/or

(iii) has a change in the terms of the Relevant Obligation(s) (a “Restructuring”). The terms of such a Restructuring will be specified by the Exchange in accordance with Rule 29.2 or 29.2A and, if so specified, will be defined in accordance with the terms of the Relevant Obligation(s); provided that the restructuring relates to a principal amount of the Relevant Obligation(s), individually or in the aggregate, that is the greater of \$7.5 million or the amount specified in the terms of the Relevant Obligation(s).

#### Expiration Date

(d)

(i) For Credit Default Options, the “expiration date” shall be the 4th business day after the 3rd Friday of the expiration month (or, if that day is not a business day, the 4th business day after the preceding business day); provided, however, if a Credit Event is confirmed by the Exchange to Trading Permit Holders and the Clearing Corporation before that day, or a

Redemption Event, as provided for in Rule 29.4, has been confirmed prior to that day, the expiration date will be accelerated to the 2nd business day immediately following the confirmation date.

(ii) For Credit Default Basket Options, the “expiration date” shall be the 4th business day after the 3rd Friday of the expiration month (or, if that day is not a business day, the 4th business day after the preceding business day); provided, however, if a Credit Event is confirmed by the Exchange to Trading Permit Holders and the Clearing Corporation before that day in (A) every Basket Component for a Multiple Payout Credit Default Basket Option; or (B) the first Credit Event in any one of the Basket Components for a Single Payout Credit Default Basket Option; or a Redemption Event, as provided for in Rule 29.4, has been confirmed in the last Basket Component prior to that day, the expiration date will be accelerated to the 2nd business day immediately following the last confirmation date.

#### Last Trading Day

(e)

(i) For Credit Default Options, the “last trading day” shall be the 3rd Friday of the expiration month (or, if that day is not a business day, the preceding business day); provided, however, if a Credit Event has been confirmed prior to that day, or a Redemption Event, as provided for in Rule 29.4, has been confirmed prior to that day, the series will cease trading at the time of the confirmation of the Credit Event and the last trading day will be accelerated to the confirmation date.

(ii) For Credit Default Basket Options, the “last trading day” shall be the 3rd Friday of the contract month (or, if that day is not a business day, the preceding business day); provided, however, if a Credit Event has been confirmed by the Exchange to Trading Permit Holders and the Clearing Corporation prior to that day in (A) every Basket Component for a Multiple Payout Credit Default Basket Option; or (B) the first Credit Event in any one of the Basket Components for a Single Payout Credit Default Basket Option; or a Redemption Event, as provided for in Rule 29.4, has been confirmed in the last Basket Component prior to that day, the series will cease trading at the time of the confirmation and the last trading day will be changed to the confirmation date.

#### Reference Entity

(f) The term “Reference Entity” means the issuer or guarantor of the Reference Obligation that underlies a Credit Default Option or the issuer or guarantor of one of the Reference Obligations that underlies a Credit Default Basket Option.

#### Credit Option

(g) The term “Credit Option” means an option that is subject to the Rules in this Chapter.

### Credit Default Basket Option

(h) The term “Credit Default Basket Option” means a call option based on a basket comprised of at least two Reference Entities (“Basket Component(s)”), which settles in cash in one of the following manners:

(i) Multiple Payout Credit Default Basket Options automatically pay a cash settlement amount each time a Credit Event is confirmed in a Basket Component during the life of the option. A cash settlement amount will only be paid once in connection with a particular Basket Component that has a confirmed Credit Event, after which time that Basket Component will be removed from the Credit Default Basket. If a Credit Event is confirmed in every Basket Component prior to expiration, the option will cease to trade.

(ii) Single Payout Credit Default Basket Options are automatically exercised and pay a single cash settlement amount as soon as the first Credit Event is confirmed in any one of the Basket Components. If no Credit Event is confirmed in any Basket Component prior to expiration, the option expires worthless.

### Notional Face Value of Basket

(i) The term “Notional Face Value of Basket” is the total face value for the Credit Default Basket as specified by the Exchange at listing.

### Notional Face Value of Basket Component

(j) The term “Notional Face Value of Basket Component” is the weight of the Basket Component multiplied by the Notional Face Value of Basket as specified by the Exchange at listing.

### Rule 29.2. Designation of Credit Default Option Contracts

(a) The Exchange may from time to time approve for listing and trading on the Exchange Credit Default Options that have been selected in accordance with Rule 5.3.11. Each Credit Default Option class is designated by reference to the Reference Entity, Reference Obligation and applicable Credit Event(s). The Exchange will specify one or more of the following Credit Event(s): (1) Failure-to-Pay Default; or (2) Event(s) of Default; or (3) Restructuring.

(b) After a particular Credit Default Option class has been approved for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options on that class. Only Credit Default Option contracts approved by the Exchange and currently open for trading on the Exchange may be purchased or written on the Exchange. Prior to the opening of trading in a particular Credit Default Options series in a given class, the Exchange will fix the expiration month and year.

(1) Credit Default Option series will generally expire up to 123 months from the time they are listed, may expire in the months of March, June, September and December, and will cease trading at the close of business on the 3rd Friday of the expiration month (however, if that day is not a business day, the series will cease trading at the close of business on the preceding business day).

(2) The Exchange usually will open one to four series for each year up to 10.25 years from the current expiration. Additional series of options on the same Credit Default Option class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market or to meet customer demand. The opening of a new series of Credit Default Options on the Exchange will not affect any other series of options of the same class previously opened.

Rule 29.2 supplements Rules 5.1, 5.3, 5.5 and 5.8.

#### Rule 29.2A. Designation and Terms of Credit Default Basket Option Contracts

(a) The Exchange may from time to time approve for listing and trading on the Exchange Credit Default Basket Options. Each Credit Default Basket Option class is designated by reference to:

- (1) the Notional Face Value of Basket (e.g., \$100,000),
- (2) the Basket Components,
- (3) the weight of each Basket Component, which represents the fraction of the Notional Face Value of the Basket allocated to each Basket Component,
- (4) the recovery rate of each Basket Component,
- (5) the specified debt security that defines the Reference Obligation of each Basket Component (e.g., Corporation XYZ 8.375% July 2033 bond), and
- (6) the applicable Credit Event(s). The Exchange will specify one or more of the following Credit Event(s): (A) Failure-to-Pay Default; or (B) Event(s) of Default; or (C) Restructuring.

(b) After a particular Credit Default Basket Option class has been approved for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options on that class. Only Credit Default Basket Option contracts approved by the Exchange and currently open for trading on the Exchange may be purchased or sold on the Exchange. Prior to the opening of trading in a particular Credit Default Basket Options series in a given class, the Exchange will fix the expiration month and year.

- (1) Credit Default Basket Option series will generally expire up to 123 months from the time they are listed, may expire in the months of March, June, September and December.
- (2) The Exchange usually will open one to four series for each year up to 10.25 years from the current expiration. Additional series of options on the same Credit Default Basket Option class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market or to meet customer demand. The opening of a new series of Credit Default Basket Options on the Exchange will not affect any other series of options of the same class previously opened.

Rule 29.2A supplements Rules 5.1, 5.3, 5.5 and 5.8.

### Rule 29.3. Withdrawal of Approval of Underlying Reference Entity

The requirements for continuance of approval of Credit Options shall be in accordance with Rule 5.4.15.

### Rule 29.4. Adjustments

(a) Credit Default Option contracts are subject to adjustment in accordance with the following:

(1) Adjustment for Succession: Each Credit Default Option will be replaced by one or more Credit Default Options derived from Successor Reference Entities that have succeeded the original Reference Entity as a result of a Succession Event based on the applicable share of each Successor Reference Entity.

(i) A “Successor Reference Entity” and a “Succession Event” will be defined in accordance with the terms of the Relevant Obligation(s). In determining the applicable share, an equal share will be allocated to each Successor Reference Entity that has succeeded the original Reference Entity as issuer or guarantor of at least one Relevant Obligation and at least 25% of the principal amount of the original Reference Entity’s outstanding debt obligations other than non-recourse indebtedness. If no Successor Reference Entity satisfies the “at least 25%” requirement and the original Reference Entity does not survive following the Succession Event, an equal share will be allocated to the Successor Reference Entity(ies) that succeeded to the largest percentage of the original Reference Entity’s outstanding debt obligations other than non-recourse indebtedness.

(ii) In respect of each successor Credit Default Option, the cash settlement amount and contract multiplier will be adjusted based on the applicable share of each Successor Reference Entity. All other terms and conditions of each successor Credit Default Option will be the same as the original Credit Default Option unless the Exchange determines, in its sole discretion, that a modification is necessary and appropriate for the protection of investors and the public interest, including but not limited to the maintenance of fair and orderly markets, consistency of interpretation and practice, and the efficiency of settlement procedures.

(2) Adjustment for Redemption: Once the Exchange has confirmed a Redemption Event, the Credit Default Option contract will cease trading on the confirmation date. If no Credit Event has been confirmed to have occurred prior to the effective date of the Redemption Event, the contract payout will be \$0. If a Credit Event has been confirmed to have occurred prior to the effective date of the Redemption Event, the cash settlement amount shall be as provided in Rule 29.1(a). The Credit Event confirmation period will begin when the Credit Default Option contract is listed and will extend to 3:00 p.m. (CT) on the 4th Exchange business day after the effective date of the Redemption Event.

(i) A “Redemption Event” will be defined in accordance with the terms of the Relevant Obligation(s) and will include the redemption or maturity of the Reference Obligation and of all other Relevant Obligations.

(ii) If the Reference Obligation is redeemed or matures but other Relevant Obligation(s) remain, a new Reference Obligation will be specified from among the remaining Relevant Obligation(s) and the substitution will not be deemed a Redemption Event.

(b) Credit Default Basket Option contracts are subject to adjustment in accordance with the following:

(1) Adjustment for Succession: Once the Exchange has confirmed a Succession Event in a Basket Component, that component will be replaced by one or more Basket Components (“Successor Basket Components”) consisting of the Successor Basket Component(s) that have succeeded the original Basket Component as a result of a Succession Event based on the applicable share of each Successor Basket Component.

(i) A “Successor Basket Component” and a “Succession Event” will be defined in accordance with the terms of the Relevant Obligations of the Basket Component that is subject to adjustment for succession. In determining the applicable share, an equal share will be allocated to each Successor Basket Component that has succeeded the original Basket Component as issuer or guarantor of at least one Relevant Obligation and at least 25% of the principal amount of the original Basket Component’s outstanding debt obligations other than non-recourse indebtedness. If no Successor Basket Component satisfies the “at least 25%” requirement and the original Basket Component does not survive following the Succession Event, an equal share will be allocated to the Successor Basket Component(s) that succeeded to the largest percentage of the original Basket Component’s outstanding debt obligations other than non-recourse indebtedness.

(ii) In the event of an adjustment for succession, the Exchange will specify the Reference Obligation, recovery rate and the basket weight of each Successor Basket Component. The newly specified weight(s) will equal the weight of the predecessor Basket Component replaced by the Successor Basket Component(s).

(iii) In respect of each Credit Default Basket Option contract that was subject to adjustment for succession, all other terms and conditions of each Credit Default Basket Option containing a Successor Basket Component will be the same as the original Credit Default Basket Option unless the Exchange determines, in its sole discretion, that a modification is necessary and appropriate for the protection of investors and the public interest, including but not limited to the maintenance of fair and orderly markets, consistency of interpretation and practice, and the efficiency of settlement procedures.

(2) Adjustment for Redemption: Once the Exchange has confirmed a Redemption Event in a Basket Component, that Basket Component will be removed from the Credit Default Basket. If a Credit Event has been confirmed to have occurred prior to the effective date of a Redemption Event, the cash settlement amount shall be as provided in Rule 29.1(a). The Credit Event confirmation period will begin when the Credit Default Basket Option contract is listed and will extend to 3:00 p.m. (CT) on the 4th Exchange business day after the effective date of the Redemption Event.

(i) A “Redemption Event” will be defined in accordance with the terms of the Relevant Obligations and will include the redemption of the Reference Obligation and of all other Relevant Obligations.

(ii) If the Reference Obligation is redeemed or matures but other Relevant Obligations remain, a new Reference Obligation will be specified from among the remaining Relevant Obligation(s) and the substitution will not be deemed a Redemption Event.

(c) The Exchange will confirm adjustment events based on at least two sources, which may include announcements published via newswire services or information services companies, the names of which will be announced to the Trading Permit Holders via Regulatory Circular, and/or information submitted to or filed with the courts, the SEC, an exchange or association, the Clearing Corporation, or another regulatory agency or similar authority.

(d) When adjustments have been made, announcement of that fact will be made by the Exchange, and the adjusted cash settlement amount(s) and the adjusted contract multiplier(s) will be posted at the post at which the series is traded and will be effective at the time specified in the announcement for all subsequent transactions in the series.

(e) Every determination of the Exchange pursuant to this Rule 29.4 will be within its sole discretion and shall be conclusive and binding on all holders and sellers and not subject to review.

Rule 29.4 replaces, for purposes of Chapter XXIX, Rule 5.7.]

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[Rule 29.12. Trading Rotations

Rule 6.2 shall be applicable to Credit Options. In accordance with Rule 6.2, at a randomly selected time within a number of seconds after 8:30 a.m. (CT), unless unusual circumstances exist, the System will initiate the opening procedure and send a Rotation Notice.]

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Rule 29.14. Premium Bids and Offers; Minimum Increments; Priority and Allocation

(a) – (c) No change.

[(d) The rules of priority and order allocation procedures set forth in Rule 6.45 apply to Credit Options.

Rule 29.14 supplements Rules 6.41, 6.42, 6.44 and 6.45.]

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[Rule 29.16. Reserved]

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[Rule 29.18. FLEX Trading

Credit Options shall be eligible for trading as Flexible Exchange Options, even if the Exchange does not list and trade Non-FLEX Credit Options. For purposes of Chapter XXIVA, references to the term “FLEX Equity Options” shall include a Credit Option and references to the “underlying security” or “underlying equity security” in respect of a Credit Option shall mean the Reference Obligation as defined in Rule 29.1. For purposes of Rule 24A.4, the FLEX Equity Option shall be cash-settled and the exercise by exception provisions of the Clearing Corporation Rule 805 shall not apply.

**CHAPTER XXX. CBOE OPTIONS EQUITY LISTING RULES**

Reserved

**CHAPTER XXXI. CBOE OPTIONS EQUITY TRADING RULES**

Reserved]

## EXHIBIT 5B

(additions are underlined; deletions are [bracketed])

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Rules of Cboe Exchange, Inc.  
(Effective October 7, 2019)

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**CHAPTER 4. OPTIONS LISTING**

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**SECTION E. CREDIT OPTION CONTRACTS**

The rules in this Chapter 4, Section E are applicable only to Credit Options. In addition, the rules in Chapters 1 through 15 are also applicable to the options provided for in this Chapter 4, Section E, in some cases supplemented by rules in this Chapter 4, Section E, except for rules that have been replaced in respect of Credit Options in this Chapter 4, Section E and except where the context otherwise requires. Whenever a rule in this Chapter 4, Section E supplements or, for purposes of this Chapter 4, Section E, replaces rules in Chapter 1 through 15, that fact is indicated following the rule in this Chapter 4, Section E.

**Rule 4.40. Definitions**

The following terms as used in this Chapter 4, Section E, shall unless the context otherwise indicates, have the meanings herein specified.

**Cash Settlement Amount**

The term “cash settlement amount” means the amount of cash that a holder will receive upon exercise of the contract.

(a) For Credit Default Options, the cash settlement amount per contract is a fixed amount equal to the exercise settlement value multiplied by a contract multiplier specified by the Exchange (which shall be at least 1 and no more than 1,000). The exercise settlement value will be an amount determined by the Exchange on a class-by-class basis and shall be equal to \$1 or \$100, or a value between those values. The cash settlement amount is payable upon automatic exercise if the Exchange confirms a Credit Event in accordance with Rule 6.20. If a Credit Event is not confirmed, the cash settlement value will be \$0. If applicable, the cash settlement amount will be adjusted in accordance with Rule 4.44.

(b) For Credit Default Basket Options, the cash settlement amount paid for a Basket Component that has a confirmed Credit Event is equal to the Notional Face Value of the Basket Component multiplied by one minus the Basket Component recovery rate specified by the Exchange at listing.

(The exercise settlement value will be equal to the cash settlement amount divided by the contract multiplier specified by the Exchange). For example, if the Notional Face Value of the Basket Component is \$10,000 and the Exchange specifies a recovery rate of 40% (or 0.40) for the particular Basket Component in which a Credit Event is confirmed, the cash settlement amount will be \$6,000 ( $\$10,000 * (1 - 0.40)$ ). For a holder of a long Single Payout Credit Default Basket Option, the cash settlement amount, based on this equation, is paid a single time when the first Credit Event is confirmed during the life of the option. If no Credit Event is confirmed in any Basket Component in either type of Credit Default Basket Options, the cash settlement value will be \$0.

### **Credit Default Option**

The term “Credit Default Option” means a binary call that settles in cash based on the confirmation of a Credit Event in a Reference Entity.

### **Credit Default Basket Option**

The term “Credit Default Basket Option” means a call option based on a basket comprised of at least two Reference Entities (“Basket Component(s)”), which settles in cash in one of the following manners:

(a) Multiple Payout Credit Default Basket Options automatically pay a cash settlement amount each time a Credit Event is confirmed in a Basket Component during the life of the option. A cash settlement amount will only be paid once in connection with a particular Basket Component that has a confirmed Credit Event, after which time that Basket Component will be removed from the Credit Default Basket. If a Credit Event is confirmed in every Basket Component prior to expiration, the option will cease to trade.

(b) Single Payout Credit Default Basket Options are automatically exercised and pay a single cash settlement amount as soon as the first Credit Event is confirmed in any one of the Basket Components. If no Credit Event is confirmed in any Basket Component prior to expiration, the option expires worthless.

### **Credit Event**

A “Credit Event” occurs when a Reference Entity:

(a) has a Failure-to-Pay Default on a specific debt security obligation (the “Reference Obligation”) or any other debt security obligation(s) other than non-recourse indebtedness (the set of these obligations and the Reference Obligation are referred to as the “Relevant Obligations”). The term “Failure-to-Pay Default” will be specified by the Exchange in accordance with Rule 4.41 or Rule 4.42 and will be defined in accordance with the terms of the Relevant Obligation(s), provided that the minimum failure-to-pay amount, individually or in the aggregate, shall be the greater of \$750,000 or the amount specified in accordance with the terms of the Relevant Obligation(s); and/or

(b) has any other Event of Default on the Relevant Obligation(s). Each such “Event(s) of Default” will be specified by the Exchange in accordance with Rule 4.41 or Rule 4.42 and, if so specified, will be defined in accordance with the terms of the Relevant Obligation(s); provided that the default

relates to a principal amount of the Relevant Obligation(s), individually or in the aggregate, that is the greater of \$7.5 million or the amount specified in accordance with the terms of the Relevant Obligation(s); and/or

(c) has a change in the terms of the Relevant Obligation(s) (a “Restructuring”). The terms of such a Restructuring will be specified by the Exchange in accordance with Rule 4.41 or Rule 4.42 and, if so specified, will be defined in accordance with the terms of the Relevant Obligation(s); provided that the restructuring relates to a principal amount of the Relevant Obligation(s), individually or in the aggregate, that is the greater of \$7.5 million or the amount specified in the terms of the Relevant Obligation(s).

### **Credit Option**

The term “Credit Option” means an option that is subject to the Rules in this Chapter 4, Section E.

### **Expiration Date**

(a) For Credit Default Options, the “expiration date” shall be the 4th business day after the 3rd Friday of the expiration month (or, if that day is not a business day, the 4th business day after the preceding business day); provided, however, if a Credit Event is confirmed by the Exchange to Trading Permit Holders and the Clearing Corporation before that day, or a Redemption Event, as provided for in Rule 4.44, has been confirmed prior to that day, the expiration date will be accelerated to the 2nd business day immediately following the confirmation date.

(b) For Credit Default Basket Options, the “expiration date” shall be the 4th business day after the 3rd Friday of the expiration month (or, if that day is not a business day, the 4th business day after the preceding business day); provided, however, if a Credit Event is confirmed by the Exchange to Trading Permit Holders and the Clearing Corporation before that day in (A) every Basket Component for a Multiple Payout Credit Default Basket Option; or (B) the first Credit Event in any one of the Basket Components for a Single Payout Credit Default Basket Option; or a Redemption Event, as provided for in Rule 4.44, has been confirmed in the last Basket Component prior to that day, the expiration date will be accelerated to the 2nd business day immediately following the last confirmation date.

### **Last Trading Day**

(a) For Credit Default Options, the “last trading day” shall be the 3rd Friday of the expiration month (or, if that day is not a business day, the preceding business day); provided, however, if a Credit Event has been confirmed prior to that day, or a Redemption Event, as provided for in Rule 4.44, has been confirmed prior to that day, the series will cease trading at the time of the confirmation of the Credit Event and the last trading day will be accelerated to the confirmation date.

(b) For Credit Default Basket Options, the “last trading day” shall be the 3rd Friday of the contract month (or, if that day is not a business day, the preceding business day); provided, however, if a Credit Event has been confirmed by the Exchange to Trading Permit Holders and the Clearing Corporation prior to that day in (A) every Basket Component for a Multiple Payout Credit Default Basket Option; or (B) the first Credit Event in any one of the Basket Components for a Single

Payout Credit Default Basket Option; or a Redemption Event, as provided for in Rule 4.44, has been confirmed in the last Basket Component prior to that day, the series will cease trading at the time of the confirmation and the last trading day will be changed to the confirmation date.

### **Notional Face Value of Basket**

The term “Notional Face Value of Basket” is the total face value for the Credit Default Basket as specified by the Exchange at listing.

### **Notional Face Value of Basket Component**

The term “Notional Face Value of Basket Component” is the weight of the Basket Component multiplied by the Notional Face Value of Basket as specified by the Exchange at listing.

### **Reference Entity**

The term “Reference Entity” means the issuer or guarantor of the Reference Obligation that underlies a Credit Default Option or the issuer or guarantor of one of the Reference Obligations that underlies a Credit Default Basket Option.

### **Rule 4.41. Designation of Credit Default Option Contracts**

(a) The Exchange may from time to time approve for listing and trading on the Exchange Credit Default Options that have been selected in accordance with Rule 4.3.11. Each Credit Default Option class is designated by reference to the Reference Entity, Reference Obligation and applicable Credit Event(s). The Exchange will specify one or more of the following Credit Event(s): (1) Failure-to-Pay Default; or (2) Event(s) of Default; or (3) Restructuring.

(b) After a particular Credit Default Option class has been approved for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options on that class. Only Credit Default Option contracts approved by the Exchange and currently open for trading on the Exchange may be purchased or written on the Exchange. Prior to the opening of trading in a particular Credit Default Options series in a given class, the Exchange will fix the expiration month and year.

(1) Credit Default Option series will generally expire up to 123 months from the time they are listed, may expire in the months of March, June, September and December, and will cease trading at the close of business on the 3rd Friday of the expiration month (however, if that day is not a business day, the series will cease trading at the close of business on the preceding business day).

(2) The Exchange usually will open one to four series for each year up to 10.25 years from the current expiration. Additional series of options on the same Credit Default Option class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market or to meet customer demand. The opening of a new series of Credit Default Options on the Exchange will not affect any other series of options of the same class previously opened.

Rule 4.41 supplements Rules 4.1, 4.3, 4.5 and 4.8.

#### **Rule 4.42. Designation and Terms of Credit Default Basket Option Contracts**

(a) The Exchange may from time to time approve for listing and trading on the Exchange Credit Default Basket Options. Each Credit Default Basket Option class is designated by reference to:

- (1) the Notional Face Value of Basket (e.g., \$100,000),
- (2) the Basket Components,
- (3) the weight of each Basket Component, which represents the fraction of the Notional Face Value of the Basket allocated to each Basket Component,
- (4) the recovery rate of each Basket Component,
- (5) the specified debt security that defines the Reference Obligation of each Basket Component (e.g., Corporation XYZ 8.375% July 2033 bond), and
- (6) the applicable Credit Event(s). The Exchange will specify one or more of the following Credit Event(s): (A) Failure-to-Pay Default; or (B) Event(s) of Default; or (C) Restructuring.

(b) After a particular Credit Default Basket Option class has been approved for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options on that class. Only Credit Default Basket Option contracts approved by the Exchange and currently open for trading on the Exchange may be purchased or sold on the Exchange. Prior to the opening of trading in a particular Credit Default Basket Options series in a given class, the Exchange will fix the expiration month and year.

- (1) Credit Default Basket Option series will generally expire up to 123 months from the time they are listed, may expire in the months of March, June, September and December.
- (2) The Exchange usually will open one to four series for each year up to 10.25 years from the current expiration. Additional series of options on the same Credit Default Basket Option class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market or to meet customer demand. The opening of a new series of Credit Default Basket Options on the Exchange will not affect any other series of options of the same class previously opened.

Rule 4.42 supplements Rules 4.1, 4.3, 4.5 and 4.8.

#### **Rule 4.43. Withdrawal of Approval of Underlying Reference Entity**

The requirements for continuance of approval of Credit Options shall be in accordance with Rule 4.4.13.

#### **Rule 4.44. Adjustments**

(a) Credit Default Option contracts are subject to adjustment in accordance with the following:

(1) Adjustment for Succession: Each Credit Default Option will be replaced by one or more Credit Default Options derived from Successor Reference Entities that have succeeded the original Reference Entity as a result of a Succession Event based on the applicable share of each Successor Reference Entity.

(i) A “Successor Reference Entity” and a “Succession Event” will be defined in accordance with the terms of the Relevant Obligation(s). In determining the applicable share, an equal share will be allocated to each Successor Reference Entity that has succeeded the original Reference Entity as issuer or guarantor of at least one Relevant Obligation and at least 25% of the principal amount of the original Reference Entity’s outstanding debt obligations other than non-recourse indebtedness. If no Successor Reference Entity satisfies the “at least 25%” requirement and the original Reference Entity does not survive following the Succession Event, an equal share will be allocated to the Successor Reference Entity(ies) that succeeded to the largest percentage of the original Reference Entity’s outstanding debt obligations other than non-recourse indebtedness.

(ii) In respect of each successor Credit Default Option, the cash settlement amount and contract multiplier will be adjusted based on the applicable share of each Successor Reference Entity. All other terms and conditions of each successor Credit Default Option will be the same as the original Credit Default Option unless the Exchange determines, in its sole discretion, that a modification is necessary and appropriate for the protection of investors and the public interest, including but not limited to the maintenance of fair and orderly markets, consistency of interpretation and practice, and the efficiency of settlement procedures.

(2) Adjustment for Redemption: Once the Exchange has confirmed a Redemption Event, the Credit Default Option contract will cease trading on the confirmation date. If no Credit Event has been confirmed to have occurred prior to the effective date of the Redemption Event, the contract payout will be \$0. If a Credit Event has been confirmed to have occurred prior to the effective date of the Redemption Event, the cash settlement amount shall be as provided in Rule 4.41. The Credit Event confirmation period will begin when the Credit Default Option contract is listed and will extend to 3:00 p.m. (CT) on the 4th Exchange business day after the effective date of the Redemption Event.

(i) A “Redemption Event” will be defined in accordance with the terms of the Relevant Obligation(s) and will include the redemption or maturity of the Reference Obligation and of all other Relevant Obligations.

(ii) If the Reference Obligation is redeemed or matures but other Relevant Obligation(s) remain, a new Reference Obligation will be specified from among the remaining Relevant Obligation(s) and the substitution will not be deemed a Redemption Event.

(b) Credit Default Basket Option contracts are subject to adjustment in accordance with the following:

(1) Adjustment for Succession: Once the Exchange has confirmed a Succession Event in a Basket Component, that component will be replaced by one or more Basket Components (“Successor Basket Components”) consisting of the Successor Basket Component(s) that have succeeded the original Basket Component as a result of a Succession Event based on the applicable share of each Successor Basket Component.

(i) A “Successor Basket Component” and a “Succession Event” will be defined in accordance with the terms of the Relevant Obligations of the Basket Component that is subject to adjustment for succession. In determining the applicable share, an equal share will be allocated to each Successor Basket Component that has succeeded the original Basket Component as issuer or guarantor of at least one Relevant Obligation and at least 25% of the principal amount of the original Basket Component’s outstanding debt obligations other than non-recourse indebtedness. If no Successor Basket Component satisfies the “at least 25%” requirement and the original Basket Component does not survive following the Succession Event, an equal share will be allocated to the Successor Basket Component(s) that succeeded to the largest percentage of the original Basket Component’s outstanding debt obligations other than non-recourse indebtedness.

(ii) In the event of an adjustment for succession, the Exchange will specify the Reference Obligation, recovery rate and the basket weight of each Successor Basket Component. The newly specified weight(s) will equal the weight of the predecessor Basket Component replaced by the Successor Basket Component(s).

(iii) In respect of each Credit Default Basket Option contract that was subject to adjustment for succession, all other terms and conditions of each Credit Default Basket Option containing a Successor Basket Component will be the same as the original Credit Default Basket Option unless the Exchange determines, in its sole discretion, that a modification is necessary and appropriate for the protection of investors and the public interest, including but not limited to the maintenance of fair and orderly markets, consistency of interpretation and practice, and the efficiency of settlement procedures.

(2) Adjustment for Redemption: Once the Exchange has confirmed a Redemption Event in a Basket Component, that Basket Component will be removed from the Credit Default Basket. If a Credit Event has been confirmed to have occurred prior to the effective date of a Redemption Event, the cash settlement amount shall be as provided in Rule 4.41. The Credit Event confirmation period will begin when the Credit Default Basket Option contract is listed and will extend to 3:00 p.m. (CT) on the 4th Exchange business day after the effective date of the Redemption Event.

(i) A “Redemption Event” will be defined in accordance with the terms of the Relevant Obligations and will include the redemption of the Reference Obligation and of all other Relevant Obligations.

(ii) If the Reference Obligation is redeemed or matures but other Relevant Obligations remain, a new Reference Obligation will be specified from among the remaining Relevant Obligation(s) and the substitution will not be deemed a Redemption Event.



(c) The Exchange will confirm adjustment events based on at least two sources, which may include announcements published via newswire services or information services companies, the names of which will be announced to the Trading Permit Holders via Regulatory Circular, and/or information submitted to or filed with the courts, the SEC, an exchange or association, the Clearing Corporation, or another regulatory agency or similar authority.

(d) When adjustments have been made, announcement of that fact will be made by the Exchange, and the adjusted cash settlement amount(s) and the adjusted contract multiplier(s) will be posted at the post at which the series is traded and will be effective at the time specified in the announcement for all subsequent transactions in the series.

(e) Every determination of the Exchange pursuant to this Rule 4.44 will be within its sole discretion and shall be conclusive and binding on all holders and sellers and not subject to review.

Rule 4.44 replaces, for purposes of Chapter 4, Section E, Rule 4.7.

#### **Rule 4.45 FLEX Trading**

Credit Options shall be eligible for trading as Flexible Exchange Options, even if the Exchange does not list and trade Non-FLEX Credit Options. For purposes of Chapter 4, Section C, references to the term “FLEX Equity Options” shall include a Credit Option and references to the “underlying security” or “underlying equity security” in respect of a Credit Option shall mean the Reference Obligation as defined in Rule 4.40. For purposes of Rules 4.20 and 4.21, the FLEX Equity Option shall be cash-settled and the exercise by exception provisions of the Clearing Corporation Rule 805 shall not apply.

#### **Rule 4.46. Trading Rotations**

Rule 5.31 shall be applicable to Credit Options. In accordance with Rule 5.31(d), at an Exchange-determined number of seconds after 9:30 a.m., the System will initiate the opening rotation.

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