



February 14, 2020

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-2020-005

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and § 40.6(a) of the regulations 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 clarify and amend CFE’s rule provisions relating to Exchange jurisdiction. The effective date of the Amendment will be on March 2, 2020.

CFE Rule 308 (Consent to Exchange Jurisdiction) governs the Exchange’s jurisdiction. Rule 308(c) currently provides that any Person initiating or executing a transaction on or subject to the rules of the Exchange directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of the Exchange and agrees to be bound by and comply with the rules of the Exchange in relation to such transactions, including, but not limited to, rules requiring cooperation and participation in investigatory and disciplinary processes. The cover page to the CFE Rulebook repeats this language from Rule 308(c). CFE’s rules refer to any Person subject to Rule 308(c) as a Market Participant.

The Amendment revises Rule 308(c) and amends the cover page of the CFE Rulebook to clarify that any futures commission merchant, broker dealer, introducing broker, associated person, or foreign Person performing a similar role, that charges a commission or fee in connection with a transaction on or subject to the rules of the Exchange also expressly consents to the Exchange’s jurisdiction (and thus is a Market Participant under CFE rules).

Commission Regulation § 38.151(a) provides that prior to granting any member or market participant access to its markets, a designated contract market (“DCM”) must require that the member or market participant consent to its jurisdiction. The Amendment furthers the Exchange’s compliance with Commission Regulation § 38.151(a) by clarifying the scope of the Exchange’s jurisdiction in relation to intermediaries. The Amendment was developed by the Joint Compliance Committee, and the Exchange understands that other DCMs also are adopting rule amendments that contain the same or similar language.

CFE also is making two other rule revisions in connection with its revision to Rule 308(c).

First, CFE is amending the definition of the term “Person” included in Chapter 1 of the CFE Rulebook. CFE’s rules currently define “Person” to mean “any natural person, association, partnership, limited liability company, joint venture, trust or corporation.” CFE is amending this definition to add “sole proprietorship” to the list included in the definition and to add “any other type of entity or organization” to the end of this list to make clear that the definition of “Person” encompasses other potential types of entities or organizations that may not be specifically enumerated in the current list under the definition. These amendments serve to clarify the meaning and scope of the term “Person” as used throughout CFE’s rules, including in particular within CFE’s rule provisions relating to Exchange jurisdiction.

Second, CFE is revising Rule 308 to delete current Rule 308(e)(i). Rule 308(e)(i) provides that every Person in the chain of custody of an order submitted to CFE that is not a CFE Trading Privilege Holder (“TPH”) or Authorized Trader of a TPH, commencing with the original initiation of the order until its receipt by CFE, shall be deemed to be a Market Participant. This provision was recently added to CFE’s rules and was intended to provide the same type of clarification as is intended by the provision that CFE is now adding to Rule 308(c) in conjunction with the same or similar amendments being made by other DCMs. To further consistency with the jurisdictional rules of other DCMs and to avoid any potential ambiguity that may be created by having two differently worded provisions intended to accomplish the same result, CFE is deleting CFE Rule 308(e)(i).

CFE believes that the Amendment is consistent with the DCM Core Principles under Section 5 of the Act. In particular, CFE believes that the Amendment is consistent with DCM Core Principles 2 (Compliance with Rules), 7 (Availability of General Information), and 12 (Protection of Markets and Market Participants) in that the Amendment clarifies the definition of Person for purposes of, among other things, applying CFE’s rule provisions relating to Exchange jurisdiction and clarifies when intermediaries become subject to the Exchange’s jurisdiction. Accordingly, the Amendment enhances the Exchange’s ability to enforce compliance with its rules and to protect the market and participants in the market from abusive practices.

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 Web site (<http://cfe.cboe.com/aboutcfe/rules.aspx>) concurrent with the filing of this submission with the Commission.

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

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**Cboe Futures Exchange, LLC
Rulebook**

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Cover Page

**Cboe Futures Exchange, LLC
Rulebook**

BY ACCESSING, OR ENTERING ANY ORDER INTO, THE CFE SYSTEM, AND WITHOUT ANY NEED FOR ANY FURTHER ACTION, UNDERTAKING OR AGREEMENT, A TRADING PRIVILEGE HOLDER OR AUTHORIZED TRADER AGREES (I) TO BE BOUND BY, AND COMPLY WITH, THE RULES OF THE EXCHANGE, THE RULES OF THE CLEARING CORPORATION AND APPLICABLE LAW, IN EACH CASE TO THE EXTENT APPLICABLE TO IT, AND (II) TO BECOME SUBJECT TO THE JURISDICTION OF THE EXCHANGE WITH RESPECT TO ANY AND ALL MATTERS ARISING FROM, RELATED TO, OR IN CONNECTION WITH, THE STATUS, ACTIONS OR OMISSIONS OF SUCH TRADING PRIVILEGE HOLDER OR AUTHORIZED TRADER. SEE RULE 308(A) AND THE RELATED DEFINITIONS IN THIS RULEBOOK.

ANY PERSON INITIATING OR EXECUTING A TRANSACTION ON OR SUBJECT TO THE RULES OF THE EXCHANGE DIRECTLY OR THROUGH AN INTERMEDIARY, AND ANY PERSON FOR WHOSE BENEFIT SUCH A TRANSACTION HAS BEEN INITIATED OR EXECUTED, EXPRESSLY CONSENTS TO THE JURISDICTION OF THE EXCHANGE AND AGREES TO BE BOUND BY AND COMPLY WITH THE RULES OF THE EXCHANGE IN RELATION TO SUCH TRANSACTIONS, INCLUDING, BUT NOT LIMITED TO, RULES REQUIRING COOPERATION AND PARTICIPATION IN INVESTIGATORY AND DISCIPLINARY PROCESSES. ANY FUTURES COMMISSION MERCHANT, BROKER-DEALER, INTRODUCING BROKER, ASSOCIATED PERSON, OR FOREIGN PERSON PERFORMING A SIMILAR ROLE, THAT CHARGES A COMMISSION OR FEE IN CONNECTION WITH A TRANSACTION ON OR SUBJECT TO THE RULES OF THE EXCHANGE ALSO EXPRESSLY CONSENTS TO THE EXCHANGE'S JURISDICTION. ANY PERSON SUBJECT TO THIS PARAGRAPH IS REFERRED TO AS A MARKET PARTICIPANT UNDER THE RULES OF THE EXCHANGE. SEE RULE 308(D) FOR THE RULES OF THE EXCHANGE TO WHICH ANY ~~PERSON SUBJECT TO THE FOREGOING SENTENCE~~ MARKET PARTICIPANT THAT IS NOT A TRADING PRIVILEGE HOLDER OR RELATED PARTY IS BOUND AND REQUIRED TO COMPLY.

Revised as of March 2, 2020

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Chapter 1 Definitions

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Person

The term "Person" means any natural person, sole proprietorship, association, partnership, limited liability company, joint venture, trust, ~~or~~ corporation or other type of entity or organization.

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308. Consent to Exchange Jurisdiction

(a) By accessing, or entering any Order into, the CFE System, and without any need for any further action, undertaking or agreement, a Trading Privilege Holder or Authorized Trader agrees (i) to be bound by, and comply with, the Rules of the Exchange, the Rules of the Clearing Corporation and Applicable Law, in each case to the extent applicable to it, and (ii) to become subject to the jurisdiction of the Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Trading Privilege Holder or Authorized Trader.

(b) Any Trading Privilege Holder or Authorized Trader whose Trading Privileges are revoked or terminated, whether pursuant to Rule 307 or Chapter 7, shall remain bound by the Rules of the Exchange, the Rules of the Clearing Corporation and Applicable Law, in each case to the extent applicable to it, and subject to the jurisdiction of the Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Trading Privilege Holder or Authorized Trader prior to such revocation or termination.

(c) Any Person initiating or executing a transaction on or subject to the Rules of the Exchange directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of the Exchange and agrees to be bound by and comply with the Rules of the Exchange in relation to such transactions, including, but not limited to, rules requiring cooperation and participation in investigatory and disciplinary processes. Any futures commission merchant, broker-dealer, introducing broker, associated person, or foreign Person performing a similar role, that charges a commission or fee in connection with a transaction on or subject to the rules of the Exchange also expressly consents to the Exchange's jurisdiction. Any Person subject to this Rule 308(c) shall be referred to as a "Market Participant."

(d) Any Market Participant that is not a Trading Privilege Holder or Related Party is bound by and required to comply with the following Rules of the Exchange for purposes of Rule 308(c) to the same extent that a Trading Privilege Holder or Related Party is bound by and required to comply with those Rules of the Exchange: Rules 219, 303A(d)(iii), 303A(d)(iv), 306, 307, 308, 309, 310(a), 401, 402, 404, 404A, 405, 405A, 406, 406A, 407, 408, 409, 410, 411, 412, 412A, 412B(b), 413, 414, 415, 416, 417, 418, 419, 420, 501(c), 511, 512A, 516, 517, 601, 602, 603, 604, 606, 608, 609(b), 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, and 620, Chapter 7, Chapter 8, Chapter 9, Chapter 10, Rule 1104, every Exchange Contract Specification Chapter, Exchange Policy and Procedures III, IV, XII, XIX, XX and XVIII and the Exchange Fee Schedule.

(e) For the avoidance of doubt:

~~(i) Every Person in the chain of custody of an Order submitted to the Exchange that is not a Trading Privilege Holder or Authorized Trader, commencing with the original initiation of the Order until its receipt by the Exchange, shall be deemed to be a Market Participant.~~

(ii) Every Authorized Reporter for Exchange of Contract for Related Position transactions and Block Trades shall be deemed a Market Participant.

(iii) A Market Participant is bound by and required to comply with the Rules of the Exchange set forth in Rule 308(d) to the same extent that a Trading Privilege Holder or Related Party is bound by and required to comply with those provisions regardless of whether or not those provisions reference Market Participants.

(f) A Trading Privilege Holder or Market Participant remains obligated to comply with the Rules of the Exchange, the Rules of the Clearing Corporation and Applicable Law, in each case to the extent applicable to that party, regardless of any use of a third party to assist the Trading Privilege Holder or Market Participant with that compliance and regardless of any non-performance by the third party in providing that assistance.

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Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 or Michael Margolis at (312) 786-7153. Please reference our submission number CFE-2020-005 in any related correspondence.

Cboe Futures Exchange, LLC

[/s/ Matthew McFarland](#)

By: Matthew McFarland
Managing Director