

February 21, 2017

Mr. Christopher 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-2017-003

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 under the Act, CBOE Futures Exchange, LLC (“CFE” or “Exchange”) hereby submits a CFE rule amendment (“Amendment”) to amend CFE Rule 1202 (Contract Specifications) to revise the trading halt provisions applicable to CBOE Volatility Index (“VX”) futures during extended trading hours. The Amendment will become effective on March 7, 2017.

VX futures have regular trading hours from 8:30 a.m.¹ to 3:15 p.m. on Monday through Friday and have extended trading hours from 5:00 p.m. on Sunday to 8:30 a.m. on Monday and from 3:30 p.m. on the previous day to 8:30 a.m. on Tuesday through Friday. Rule 1202(i)(iii) includes provisions to halt trading for 15 minutes in VX futures during extended trading hours (other than from 7:00 a.m. to 8:30 a.m.) if there is a 5 or 8 point movement in the VX futures front contract month (as measured by the best bid on the upside and the best offer on the downside in that contract month in relation to the daily settlement price for that contract month from the prior business day). Rule 1202(i)(iv) also includes provisions to halt trading in VX futures during extended trading hours if a price limit is triggered in the primary E-mini S&P 500 Index futures contract traded on Chicago Mercantile Exchange (“CME”).

Rule 1202(i)(v) provides that, notwithstanding any provisions of Rule 1202(i)(iii) and Rule 1202(i)(iv), the CFE Help Desk may, in its absolute and sole discretion, take any action it determines necessary to protect market integrity. In relation to the foregoing, Rule 1202(i)(v) also makes clear, for avoidance of doubt, that this authority includes, but is not limited to, modifying or eliminating the price movement parameters in Rule 1202(i)(iii) at any time and/or determining whether to halt or not to halt trading under Rule 1202(i)(iii) and Rule 1202(i)(iv).

The Amendment revises Rule 1202(i)(iii) to eliminate the provision that initiates a 15 minute trading halt in VX futures if there is a 5 point movement in the VX futures front contract month during extended trading hours prior to 7:00 a.m. Rule 1202(i)(iii) will continue to provide for 15 minute trading halt in VX futures if there is an 8 point movement in the VX futures front contract month during extended trading hours prior to 7:00 a.m. Additionally, Rule 1202(i)(iv) will continue to provide for trading in VX futures to be halted if a price limit is triggered during

¹ All times referenced are Chicago time.

extended trading hours in the primary E-mini S&P 500 Index futures contract traded on CME. These remaining halt provisions will also continue to be subject to the provisions of Rule 1202(i)(v) relating to actions by the Help Desk to protect market integrity, including any determinations by the Help Desk not to halt trading under Rules 1202(i)(iii) and 1202(i)(iv). In addition, CFE will continue to have the ability to halt trading at any time if appropriate under Rule 1202(i)(v) as well as under CFE's emergency authority pursuant to CFE Rule 418.

CFE believes that it is no longer necessary to provide for an automatic VX futures trading halt in the event of a 5 point movement in the VX futures front contract month during extended trading hours prior to 7:00 a.m. CFE implemented this trading halt provision in 2013 when CFE first expanded trading in VX futures to overnight trading hours. The liquidity and volume in VX futures during overnight trading hours and the percentage of VX futures trading volume that takes place during overnight trading hours have all markedly increased since that time. Additionally, there have been two recent examples of market volatility during overnight trading hours (in connection with the United Kingdom Brexit vote on June 23, 2016 and the U.S. Presidential Election vote on November 8, 2016) which CFE believes illustrate that an automatic VX futures trading halt due to a 5 point movement in the VX futures front contract month during overnight trading hours is no longer necessary. In both of these instances, the Help Desk determined pursuant to Rule 1202(i)(v) not to halt trading in VX futures due to a 5 point movement in the VX futures front contract month based on an assessment that the market in VX futures was fair and orderly at the time and that it was the interest of market integrity to allow VX futures to continue trading.

CFE believes that the Amendment is consistent with Designated Contract Market Core Principles 4 (Prevention of Market Disruption) and 9 (Execution of Transactions) under Section 5 of the Act in that the Amendment contributes to reducing the potential risk of price distortions and market disruptions and enhances the ability of CFE to facilitate price discovery and an efficient, fair, and orderly market.

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 it 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 [bracketed] texts, consists of the following:

* * * * *

CBOE Futures Exchange, LLC
Rulebook

* * * * *

CFE Rule 1202. Contract Specifications

(a) - (h) No changes.

(i) *Price Limits and Halts.*

(i) *No Price Limits.* Pursuant to Rule 413, VX futures contracts are not subject to price limits.

(ii) *Circuit Breaker Halts.* Trading in VX futures contracts shall be halted pursuant to Rule 417A if there is a Level 1, 2 or 3 Market Decline.

(iii) *Halts Due to VX Futures Price Movements During Extended Trading Hours.*

Trading in VX futures will be halted for 15 minutes if during VX futures extended trading hours, except from 7:00 a.m. to 8:30 a.m. Chicago time on a regular trading day:

[(A) the best bid in the VX futures front contract month is 5 or more index points above the daily settlement price of that contract month on the prior Business Day;
or

(B) the best offer in the VX futures front contract month is 5 or more index points below the daily settlement price of that contract month on the prior Business Day.

After trading commences following such a halt, trading in VX futures will be halted for 15 minutes, except from 7:00 a.m. to 8:30 a.m. Chicago time on a regular trading day if:]

(A) the best bid in the VX futures front contract month is 8 or more index points above the daily settlement price of that contract month on the prior Business Day;
or

(B) the best offer in the VX futures front contract month is 8 or more index points below the daily settlement price of that contract month on the prior Business Day.

The Exchange shall commence a trading halt in VX futures pursuant to the provisions of this Rule 1202(i)(iii) as soon as practicable following the occurrence of one of the triggering events set forth above and there may be time between the occurrence of a triggering event and the commencement of the trading halt.

Nothing in this Rule 1202(i)(iii) shall be construed to limit the ability of the Exchange to extend the time period of a halt pursuant to this Rule 1202(i)(iii) or to halt trading in VX futures during the foregoing time period pursuant to any other Exchange rule or policy.

This Rule 1202(i)(iii) shall not apply from 7:00 a.m. Chicago time to 8:30 a.m. Chicago time during VX futures extended trading hours (other than on the calendar day of a holiday) or during VX futures regular trading hours.

If the provisions of Rule 1202(i)(iv) become applicable on a Business Day due to the triggering of a price limit in the E-mini S&P 500 Index (“E-mini”) futures contract traded on Chicago Mercantile Exchange (“CME”), this Rule 1202(i)(iii) shall no longer be applicable on that Business Day following the time at which Rule 1202(i)(iv) first becomes applicable on that Business Day.

References to the VX futures front contract month in this Rule 1202(i) shall mean the VX future with the nearest expiration that has a “VX” ticker symbol that is not followed by a number denoting the specific week of a calendar year.

(iv) *Halts Due to E-mini[®]* Price Limits During Extended Trading Hours*

Trading in VX futures will be halted if a price limit is triggered in the E-mini futures contract traded on CME during VX futures extended trading hours. Following the initiation of such a VX futures trading halt, the Exchange may resume trading in VX futures during VX futures extended trading hours if the E-mini futures contract is no longer limit offered, limit bid or halted as a result of triggering a price limit or the Exchange determines that trading in VX futures may resume consistent with the maintenance of a fair and orderly market.

If trading in VX futures resumes and the E-mini futures contract moves from and then back to a limit or halt state as a result of triggering a price limit during VX futures extended trading hours, the process set forth in the preceding paragraph shall be repeated.

The Exchange shall commence a trading halt in VX futures pursuant to the provisions of this Rule 1202(i)(iv) as soon as practicable following the triggering of a price limit in the E-mini futures contract, and there may be time between the triggering of the E-mini price limit and the commencement of the VX futures trading halt.

If the E-mini futures contract is limit offered, limit bid or halted as a result of triggering a price limit at the time that the Exchange is scheduled to commence extended trading hours in VX futures, the Exchange may commence trading in VX futures during that session if the Exchange determines that trading in VX futures may commence consistent with the maintenance of a fair and orderly market.

Nothing in this Rule 1202(i)(iv) shall be construed to limit the ability of the Exchange to halt trading in VX futures during VX futures extended trading hours pursuant to any other Exchange rule or policy.

This Rule 1202(i)(iv) shall not apply during VX futures regular trading hours.

References to the E-mini futures contract in this Rule 1202(i) shall mean the primary E-mini futures contract.

*E-Mini[®] is a registered trademark of Chicago Mercantile Exchange, Inc. The Exchange and VX futures are not affiliated with, and have not been authorized, sponsored, or otherwise approved by, Chicago Mercantile Exchange, Inc.

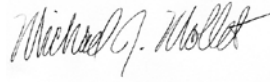
(v) Notwithstanding any provisions of Rule 1202(i)(iii) and Rule 1202(i)(iv), the Help Desk may, in its absolute and sole discretion, take any action it determines necessary to protect market integrity. For avoidance of doubt, this authority includes, but is not limited to, modifying or eliminating the price movement parameters in Rule 1202(i)(iii) at any time and/or determining whether to halt or not to halt trading under Rule 1202(i)(iii) and Rule 1202(i)(iv). The senior person in charge of the Help Desk may exercise the authority of the Help Desk under this Rule 1202(i)(v). The Help Desk will promptly issue an alert with respect to actions taken pursuant to this Rule 1202(i)(v).

(j) - (r) No changes.

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Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 or Nicole Gordon at (312) 786-8109. Please reference our submission number CFE-2017-003 in any related correspondence.

CBOE Futures Exchange, LLC

A handwritten signature in black ink that reads "Michael J. Mollet". The signature is written in a cursive style with a prominent initial "M".

By: Michael J. Mollet
Managing Director