

March 2, 2017

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-2017-004

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 make organizational and clarifying changes to CFE Rule 303 (Authorized Traders) and CFE Rule 304 (Eligibility for Trading Privileges). The Amendment will become effective on March 16, 2017.

CFE Rule 303 sets forth criteria for an individual to act as an Authorized Trader of a CFE Trading Privilege Holder (“TPH”). CFE Rule 304 sets forth criteria under which CFE may deny or condition the approval of a TPH applicant or association by a person with a TPH and for CFE to no longer permit or condition continuation as a TPH or person associated with a TPH.

The Amendment makes three changes to Rules 303 and 304. First, the Amendment consolidates the provisions that set forth the grounds upon which CFE may deny or condition TPH status or association with a TPH (including as an Authorized Trader of a TPH) within Rule 304. Second, the Amendment clarifies that association with a TPH for purposes of Rule 304 means association as a Related Party of a TPH (which, under CFE Rule 159, includes Authorized Traders of a TPH, among others). Third, the Amendment clarifies that a statutory disqualification (absent an appropriate exemption) is a ground upon which CFE may deny or condition an application for TPH status or a person’s association with a TPH rather than an automatic bar to becoming approved as a TPH or to becoming associated with a TPH. This clarification is consistent with the rules of other Designated Contract Markets (“DCMs”) which provide that a statutory disqualification is a ground upon which the DCM may deny an application for trading privileges.<sup>1</sup>

CFE believes that the Amendment is consistent with DCM Core Principles 2 (Compliance with Rules) and 15 (Governance Fitness Standards) under Section 5 of the Act in that the Amendment clarifies CFE’s access criteria for TPHs and association with TPHs and provides that a statutory disqualification is a ground upon which CFE may deny or condition TPH status or association with a TPH.

---

<sup>1</sup> See, for example, ICE Futures U.S., Inc. Rule 207 and Nasdaq Futures, Inc. Rulebook Chapter II, Section 4.

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 [bracketed] text, consists of the following:

\* \* \* \* \*

**CBOE Futures Exchange, LLC**  
**Rules**

\* \* \* \* \*

**Rule 303. Authorized Traders**

Each Trading Privilege Holder may from time to time permit one or more individuals to act as its Authorized Traders. Each Authorized Trader shall satisfy such requirements as may be prescribed by the Exchange from time to time. Without limiting the generality of the foregoing, each Trading Privilege Holder shall ensure that [(i) none of its Authorized Traders shall be subject to any statutory disqualification (unless an appropriate exemption has been obtained with respect thereto) and (ii)] each of its Authorized Traders shall be technically proficient and shall conduct its business in a fair and equitable manner.

\* \* \* \* \*

**Rule 304. Eligibility for Trading Privileges**

(a) Each Person that wishes to obtain Trading Privileges must [(i) not be subject to any statutory disqualification (unless an appropriate exemption has been obtained with respect thereto),] (i[i]) to the extent required by Applicable Law, be registered or otherwise permitted by the appropriate regulatory body or bodies to conduct business on the Exchange[,] and (ii[i]) be guaranteed by a Clearing Member in the manner described in Rule 1101. In addition, the Exchange may deny (or may condition) the grant of Trading Privileges, or may prevent a Person from becoming associated (or may condition an association) with a Trading Privilege Holder as a Related Party for the same reasons for which the NFA may deny or revoke registration of a futures commission merchant or if such Person:

(i) is unable satisfactorily to demonstrate a capacity to adhere to all applicable Rules of the Exchange, Rules of the Clearing Corporation, Commission Regulations (and, to the extent the Person applies for Trading Privileges with respect to Security Futures, applicable Exchange Act Regulations), including those concerning record-keeping, reporting, finance and trading procedures;

(ii) is subject to any statutory disqualification (unless an appropriate exemption has been obtained with respect thereto);

(iii) would bring the Exchange into disrepute; or

(~~iii~~iv) for such other cause as the Exchange may reasonably decide.

(b) The Exchange shall deny the grant of Trading Privileges where an applicant has failed to meet any requirements for such grant.

(c) The Exchange may determine not to permit a Trading Privilege Holder [or any Authorized Trader of a Trading Privilege Holder] to keep its Trading Privileges or not to permit a Person associated with a Trading Privilege Holder as a Related Party to maintain [its] the Person's association with [a] the Trading Privilege Holder, or may condition such Trading Privileges or association, as the case may be, if such Trading Privilege Holder or [Authorized Trader] Person:

(i) fails to meet any of the qualification requirements for Trading Privileges or association after such Trading Privileges or association have been approved or come into effect;

(ii) becomes subject to any statutory disqualification (unless an appropriate exemption has been obtained with respect thereto);

(iii) fails to meet any condition placed by the Exchange on such Trading Privileges or association; or

(~~iii~~iv) violates any agreement with the Exchange.

(d) Any decision made by the Exchange pursuant to this Rule 304 must be consistent with the provisions of this Rule and the provisions of the CEA.

Any applicant who has been denied Trading Privileges or association with a Trading Privilege Holder or granted only conditional Trading Privileges or association, pursuant to this Rule 304, and any Trading Privilege Holder or [Authorized Trader of] Person associated with a Trading Privilege Holder who is not permitted to keep its Trading Privileges or maintain [its] the Person's association with [a] the Trading Privilege Holder or whose Trading Privileges or association are conditioned pursuant to this Rule 304, may appeal the Exchange's decision in accordance with the provisions of Chapter 9. No determination of the Exchange to discontinue or condition a Person's Trading Privileges or association with a Trading Privilege Holder pursuant to this Rule 304 shall take effect until the review procedures under Chapter 9 have been exhausted or the time for review has expired.

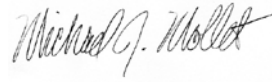
Any applicant to become a Trading Privilege Holder who has been denied Trading Privileges pursuant to this Rule 304 shall not be eligible for re-application during the six months immediately following such denial.

\* \* \* \* \*

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-

004 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