Cboe

April 12, 2019

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-2019-008

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 amend various CFE rule provisions in connection with a change in nomenclature under CFE rules. Exhibit 1 to this submission sets forth the rule changes included in the Amendment. The Amendment will become effective on May 1, 2019.

CFE is replacing references in its rules to the term "order entry logical port" with the term "match capacity allocation". An order entry logical port is a type of logical port that provides for the ability within CFE's trading system to accomplish the function of order entry up to an order rate limit. An order rate limit is a maximum number of orders that may be received by CFE's trading system ("CFE System") per time interval as further described in CFE Rule 513A(h). CFE Trading Privilege Holders ("TPHs") may obtain one or more order entry logical ports from CFE in a form and manner prescribed by CFE. Because an order entry logical port is essentially a message bandwidth allocation for order entry, CFE believes that changing the term for an "order entry logical port" to a "match capacity allocation" better reflects that nature of this form of access to the CFE System.

The Amendment revises Chapter 1 (Definitions) of the CFE Rulebook to add a definition for match capacity allocation, to add a definition for order rate limit by cross-referencing the existing definition for order rate limit in Rule 513A(h), and to amend the existing definition of port to reflect the new nomenclature for order entry logical ports. Additionally, the Amendment revises CFE Rules 302 (Trading Privilege Holders) and 513A (Risk Controls) and Policy and Procedure VI (Trading Privilege Holder Permit Program) of the Policies and Procedures Section of the CFE Rulebook to (i) replace references to order entry logical ports with references to match capacity allocations; (ii) to replace references to logical ports which are referring to order entry logical ports with references to match capacity allocations; and/or (iii) to add references to match capacity allocations where there are references to logical ports that may encompass multiple types of logical ports, including order entry logical ports. The Amendment also revises Rule 513A(h) to clarify that order rate limits may separately apply to the number of mass cancel and purge requests received by the CFE System during a time interval.

CFE believes that the Amendment is consistent with Designated Contract Market Core Principle 7 (Availability of General Information) under Section 5 the Act because the Amendment updates terminology under CFE's rules to better reflect its purpose and meaning and further clarifies how order rate limits operate within the CFE System.

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.

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-2019-008 in any related correspondence.

Cboe Futures Exchange, LLC

/s/ Matthew McFarland

By: Matthew McFarland
        Managing Director

EXHIBIT 1

The Amendment, marked to show additions in underlined text and deletions in [bracketed] text, consists of the following:

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Cboe Futures Exchange, LLC Rules

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Chapter 1 Definitions

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Match Capacity Allocation

A "match capacity allocation" provides the ability to submit Orders to the CFE System within an Order rate limit designated by the Exchange. Match capacity allocations are made available in a form and manner prescribed the Exchange.

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Order Rate Limit

The term "Order rate limit" has the meaning set forth in Rule 513A(h).

Port

The term "port" includes different types of ports. A physical port may provide access to multiple logical ports and match capacity allocations.

A "physical port" provides a physical connection to the CFE System.

A "logical port" provides the ability within the CFE System to accomplish a specific function, such as [Order entry,] data receipt[,] or access to information. A logical port may also be referred to as a logical session. [A physical port may provide access to multiple logical ports.]

A "purge port" is a type of that enables a Trading Privilege Holder through a single purge request to:

(a) cancel all or a subset of pending Orders submitted through multiple [logical ports] match capacity allocations, and

(b) at the option of the Trading Privilege Holder submitting the purge request, also cause the CFE System to reject or cancel back to the sender all or a subset of new Orders, until a reset request is received by the CFE System.

Ports are made available in a form and manner prescribed the Exchange.

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302.   Trading Privilege Holders

(a) - (e)   No changes.

(f)   A Trading Privilege Holder may obtain one or more EFIDs from the Exchange in a form and manner prescribed by the Exchange. An EFID is a unique identifier assigned by the Exchange to a Trading Privilege Holder that is utilized by the CFE System to identify the clearing number for the execution of Orders, Block Trades, and Exchange of Contract for Related Position transactions submitted to the Exchange with that EFID. Each EFID corresponds to a single Trading Privilege Holder and a single clearing number of a Clearing Member with the Clearing Corporation. A Trading Privilege Holder may obtain EFIDs for multiple clearing numbers (including multiple clearing numbers of different Clearing Members and multiple clearing numbers of the same Clearing Member) and may obtain multiple EFIDs for the same clearing number. In order to obtain and utilize an EFID that is effective for use in identifying the clearing number of a Clearing Member for the execution of Orders submitted to the Exchange with that EFID, a Trading Privilege Holder must have an effective letter of guarantee from that Clearing Member that is on file with the Exchange in accordance with Rule 1101. A Trading Privilege Holder will have the ability, in a form and manner prescribed by the Exchange, to designate which of the Trading Privilege Holder's EFIDs may be utilized for each of the Trading Privilege Holder's [logical ports for Order entry] <u>match capacity allocations</u> to the CFE System. If an Order is routed through a [logical port] <u>match capacity allocation</u> with an EFID that is not enabled for that [logical port] <u>match capacity allocation</u>, the Order will be rejected or canceled back to the sender.

(g)   An Independent Software Vendor (also referred to as a Service Bureau) is an organization that (i) provides connectivity to the CFE System on behalf of one or more Trading Privilege Holders for trading activities of the Trading Privilege Holder(s) and/or (ii) obtains connectivity to the CFE System in order to receive data made available by the Exchange that is specific to a particular Trading Privilege Holder or Clearing Member on behalf of the applicable Trading Privilege Holder(s) or Clearing Member(s). The Exchange may prescribe certification and documentation requirements and specifications relating to the establishment and maintenance of CFE System connectivity that must be satisfied in order to act as an Independent Software Vendor. An Independent Software Vendor capacity is not a Trading Privilege Holder capacity, and an Independent Software Vendor is not required to be a Trading Privilege Holder. An Independent Software Vendor may act in other capacities in relation to the Exchange provided that it does so in a form and manner as may be prescribed by the Exchange and in accordance with any applicable Rules of the Exchange. If an Independent Software Vendor is a Trading Privilege Holder, it must access the Exchange through its own EFID(s), [and] logical port(s) <u>and match capacity allocation(s)</u> when acting in its capacity as a Trading Privilege Holder. Logical port(s) <u>and match capacity allocation(s)</u> established by an Independent Software Vendor in its capacity as an Independent Software Vendor may not be used by the Independent Software Vendor itself for its own trading activities or the receipt of its own data. Each Trading Privilege Holder that accesses the CFE System through the services of an Independent Software Vendor is subject to all of the Rules of the Exchange that apply to Trading Privilege Holders, including, without limitation, audit trail and order entry requirements with respect to Orders submitted through the connectivity provided by the Independent Software Vendor and the requirement that a Trading Privilege Holder be guaranteed by a Clearing Member in accordance with Rule 1101. No Person other than a Trading Privilege Holder may receive connectivity to the CFE System from an Independent

Software Vendor for trading activities (except that it is permissible for an Independent Software Vendor to provide connectivity to the CFE System to another Independent Software Vendor solely for purposes of enabling one or more Trading Privilege Holders to access the CFE System for trading activities).

(h)   Any Trading Privilege Holder that receives connectivity to the CFE System through an Independent Software Vendor for trading activities must do so through its own EFID(s) and through one or more logical port(s) and match capacity allocation(s) that are not utilized by any other Trading Privilege Holder. If a Trading Privilege Holder receives connectivity to the CFE System through more than one Independent Software Vendor for trading activities, the Trading Privilege Holder must do so through [a] different logical [port or ports] port(s) and match capacity allocation(s) for each of those Independent Software Vendors. In order for a Trading Privilege Holder to utilize its own EFID for an Order that is submitted to the CFE System through connectivity to the CFE System provided by another Person, that other Person must be an Independent Software Vendor and the Order must be submitted through the connectivity provided by that other Person in its capacity as an Independent Software Vendor. An Independent Software Vendor that obtains connectivity to the CFE System in order to receive data on behalf of a Trading Privilege Holder or Clearing Member must do so through one or more logical port(s) and match capacity allocation(s) that are not utilized for any other Trading Privilege Holder or Clearing Member or for receipt of the Independent Software Vendor's own data. If a Trading Privilege Holder or Clearing Member utilizes more than one Independent Software Vendor for the receipt of data, [a] different logical [port or ports] port(s) and match capacity allocations must be used for each of those Independent Software Vendors.

(i)   No changes.

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513A. Risk Controls

(a)   *General Provisions.*

(i)   No changes.

(ii)   Risk control mechanisms may be set by EFID, product and/or [logical port] match capacity allocation depending upon the applicable risk control. Risk control settings applicable to a product apply to all contract expirations or series, as applicable, in that product (except that TAS Orders and S&P 500 Variance future stub Orders each have separate product level settings that apply only to those Order types).

(iii) - (iv)   No changes.

(b) - (g)   No changes.

(h)   *Order Rate Limits.*

(i)   The Exchange shall designate Order rate limits for [logical ports] match capacity allocations and disseminate those limits to Trading Privilege Holders in a form and manner determined by the Exchange.

(ii)　　An Order rate limit is a maximum number of Orders that may be received by the CFE System per time interval.

(iii)　　If the applicable Order rate limit is exceeded, the CFE System will reject or cancel back to the sender those Orders received by the CFE System during the applicable time interval after the Order rate limit is reached during that time interval.

(iv)　　A Spread Order will be counted as one Order for purposes of computing the number of Orders received during a time interval.

(v)　　A Cancel Order is counted for purposes of computing the number of Orders received during a time interval, except that a mass cancel or purge request is not counted for these purposes. If a Cancel Order (including a mass cancel or purge request) is received by the CFE System during a time interval in which the applicable Order rate limit has been exceeded, the CFE System will process (and not reject or cancel back) the Cancel Order (subject to the following sentence). Mass cancel and purge requests may be subject to separate Order rate limits pursuant to which the CFE System will reject or cancel back to the sender mass cancel and purge requests in excess of the applicable limit that are received by the CFE System during the applicable time interval for that limit.

(vi)　　A Cancel Replace/Modify Order is counted for purposes of counting the number of Orders received during a time interval. If a Cancel Replace/Modify Order is received by the CFE System during a time interval in which the applicable Order rate limit has been exceeded, the CFE System will:

(A)　　reject or cancel back to the sender the replacement Order portion of the Cancel Replace/Modify Order; and

(B)　　process (and not reject or cancel back) the Cancel Order portion of the Cancel Replace/Modify Order.

(vii)　　Block Trades and Exchange of Contract for Related Position transactions shall not be subject to order rate limits.

(i)　　No changes.

(j)　　*Kill Switch.*

(i)　　The Exchange and Clearing Members shall have the ability to activate a kill switch by EFID. Trading Privilege Holders shall have the ability to activate a kill switch by [logical port] match capacity allocation.

(ii)　　If a kill switch is activated, the CFE System will cancel all Orders residing in the CFE System for the applicable EFID or submitted through the applicable [logical port] match capacity allocation.

(iii)　　At the option of the Exchange or a Trading Privilege Holder activating a kill switch, that party may choose to have the activation of the kill switch also cause the CFE System to reject or cancel back to the sender any new Orders for the applicable

EFID or from the applicable [logical port] <u>match capacity allocation</u>. If a Clearing Member activates a kill switch for an EFID, the kill switch will always cause the CFE System to reject or cancel back to the sender any new Orders for the applicable EFID. These blocks on the submission of Orders shall remain in place until the party that activated the kill switch resets the kill switch within the CFE System.

      (iv)   No changes.

      (v)   A Trading Privilege Holder shall also have the ability to utilize:

          (A)   a mass cancel request to cancel all or a subset of pending Orders submitted through a [logical port] <u>match capacity allocation</u>, and at the option of the Trading Privilege Holder submitting the mass cancel request, to cause the CFE System to reject or cancel back to the sender all or a subset of new Orders submitted through that [logical port] <u>match capacity allocation</u> until a reset request is received by the CFE System; and

          (B)   A purge request to cancel all or a subset of pending Orders submitted through multiple [logical ports] <u>match capacity allocations</u>, and at the option of the Trading Privilege Holder submitting the purge request, to cause the CFE System to reject or cancel back to the sender all or a subset of new Orders until a reset request if received by the CFE System.

(k)   *Disconnection Risk Controls*.

      (i)   *General*.

          (A)   Trading Privilege Holders shall have the ability to enable disconnection risk controls by [logical port] <u>match capacity allocation</u>.

          (B)   No changes.

      (ii)   *Cancel on [Logical Port] <u>Match Capacity Allocation</u> Disconnect*.

          (A)   A Trading Privilege Holder that enables cancel on disconnect functionality for a [logical port] <u>match capacity allocation</u> may choose to have that functionality apply to:

               (1)   Day Orders; or

               (2)   all Orders.

          (B)   For purposes of cancel on disconnect functionality, a disconnection from a [logical port] <u>match capacity allocation</u> includes a disconnection that occurs for any reason (including as the result of the submission of a logout message) or if at any time the CFE System does not receive any inbound message traffic or a heartbeat message through the [logical port] <u>match capacity allocation</u> for a specified time interval as prescribed by the Exchange.

(C)   When cancel on disconnect functionality is enabled for a [logical port] match capacity allocation:

    (1)   If there is a disconnection from that [logical port] match capacity allocation,

    (2)   the CFE System cancels all applicable Orders that are residing in the CFE System

    (3)   which were submitted through that [logical port] match capacity allocation

    (4)   for any product is not in a suspended state.

(iii)   *Cancel on Matching Engine Disconnect*.

(A)   A Trading Privilege Holder that enables cancel on matching engine disconnect functionality for a [logical port] match capacity allocation may choose to have that functionality apply to:

    (1)   Day Orders; or

    (2)   all Orders.

(B)   When cancel on matching engine disconnect is enabled by a Trading Privilege Holder for a [logical port] match capacity allocation:

    (1)   If there is loss of connectivity between that [logical port] match capacity allocation and the CFE System matching engine,

    (2)   the CFE System cancels all applicable Orders residing in the CFE System

    (3)   that were submitted through that [logical port] match capacity allocation

    (4)   for any product that is not in a suspended state.

(C)   When cancel on matching engine disconnect is not enabled by a Trading Privilege Holder for a [logical port] match capacity allocation:

    (1)   If there is loss of connectivity between that [logical port] match capacity allocation and the CFE System matching engine

    (2)   for a specified time interval as prescribed by the Exchange,

    (3)   the CFE System cancels all Orders residing in the CFE System

    (4)   that were submitted through that [logical port] match capacity allocation

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(5) for any product that is not in a suspended state.

(iv) *Cancel on Drop Disconnect.*

(A) Trading Privilege Holders shall have the ability to utilize execution drop ports and to enable cancel on drop disconnect functionality with respect to [order entry logical ports] match capacity allocations that are associated with those drop ports.

(B) No changes.

(C) If cancel on drop disconnect is enabled by a Trading Privilege Holder for [an order entry port] a match capacity allocation, cancel on drop disconnect functionality will be triggered if all of the drop ports associated with that [order entry port] match capacity allocation become disconnected from the CFE System.

(D) No changes.

(E) If cancel on drop disconnect functionality is triggered for [an order entry port] a match capacity allocation, the CFE System will reject or cancel back to the sender any new Orders submitted through the [order entry port] match capacity allocation. This block on the submission of Orders shall remain in place until the CFE System receives heartbeat messages through a drop port associated with the [order entry port] match capacity allocation in accordance with the time interval configured by the Trading Privilege Holder.

(F) At the option of a Trading Privilege Holder activating cancel on drop disconnect functionality:

(1) If cancel on drop disconnect functionality is triggered for [an order entry port] a match capacity allocation,

(2) the CFE System will also cancel

(3) all Day Orders or all Orders, as designated by the Trading Privilege Holder

(4) residing in the CFE System

(5) that were submitted through that [order entry port] match capacity allocation

(6) for any product that is not in a suspended state.

(G) No changes.

(l) *Cancel on Reject Functionality.*

(i) Trading Privilege Holders shall have the ability to enable cancel on reject functionality by [logical port] match capacity allocation.

(ii)   If cancel on reject functionality is enabled by a Trading Privilege Holder for a [logical port] <u>match capacity allocation</u>:

(A)   the CFE System will cancel a resting Order

(B)   if the CFE System rejects or cancels back to the sender

(C)   a Cancel Order or Cancel Replace/Modify Order submitted through that [logical port] <u>match capacity allocation</u>

(D)   relating to the resting Order.

(m)   No changes.

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Cboe Futures Exchange, LLC
Policies and Procedures Section of Rulebook

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VI.   **Trading Privilege Holder Permit Program**

Any Person that desires to become a Trading Privilege Holder is required to obtain a Trading Privilege Holder permit ("TPH Permit").

Initially, the Exchange will make available 2,500 TPH Permits. The Exchange may subsequently make available additional TPH Permits if the initial supply of 2,500 TPH Permits is exhausted.

A TPH Permit may be obtained by any Person that satisfies the requirements set forth in Rule 304(a).

Each Person desiring to obtain a TPH Permit must submit an application to the Exchange in a form and manner prescribed by the Exchange pursuant to Rule 305 and become approved by the Exchange as a Trading Privilege Holder. Each Trading Privilege Holder may permit one or more individuals to act as its Authorized Traders pursuant to Rule 303.

Any organization that desires to become a Clearing Member of the Exchange is required to become a Trading Privilege Holder and to obtain a TPH Permit. Additionally, in order to be an Exchange Clearing Member, an organization is required to be a member of the Clearing Corporation that is authorized under the rules of the Clearing Corporation to clear trades in Contracts traded on the Exchange.

Each TPH Permit provides a Trading Privilege Holder with Trading Privilege Holder status and entitles a Trading Privilege Holder to Trading Privileges on the Exchange. Trading Privilege Holders may obtain TPH Permits from the Exchange in a form and manner prescribed by the Exchange.

A Trading Privilege Holder shall be entitled to obtain a single TPH Permit.

The Exchange may assess a fee or fees to a Trading Privilege Holder for a TPH Permit based on the capacity or capacities of the Trading Privilege Holder on the Exchange. The following capacities have the following meanings solely for the purpose of assessment of Exchange fees for TPH Permits:

- Clearing Firm: A Trading Privilege Holder has a Clearing Firm capacity if the Trading Privilege Holder (i) is a member of the Clearing Corporation that is authorized under the rules of the Clearing Corporation to clear trades in Contracts traded on the Exchange and (ii) guarantees and/or clears transactions on the Exchange executed by the Trading Privilege Holder itself and/or one or more other Trading Privilege Holder(s). If a Clearing Member executes transactions on the Exchange as agent for one or more other Person(s), the Clearing Member shall also be deemed to have a Broker capacity. If a Clearing Member executes transactions on the Exchange for its own account, the Clearing Member shall also be deemed to have a Proprietary Trading capacity.

- Broker: A Trading Privilege Holder has a Broker capacity if the Trading Privilege Holder executes transactions on the Exchange as agent for one or more other Person(s). If a Trading Privilege Holder with a Broker capacity executes transactions on the Exchange for the Trading Privilege Holder's own account, the Trading Privilege Holder shall also be deemed to have a Proprietary Trading capacity. If a Trading Privilege Holder has a Proprietary Trading capacity and the only other Person(s) for which the Trading Privilege Holder executes transactions on the Exchange as agent are affiliates of the Trading Privilege Holder, the Trading Privilege Holder shall not be deemed to have a Broker capacity for this purpose.

- Proprietary Trading: A Trading Privilege Holder has a Proprietary Trading capacity if the Trading Privilege Holder executes transactions on the Exchange for the Trading Privilege Holder's own account.

- Pool Manager/Pooled Investment Vehicle ("Pool"): These capacities have the meanings set forth in Rule 305A.

A Pool Manager may obtain a single TPH Permit for the Pool Manager and all of the Pools approved under Rule 305A for which it acts as Pool Manager. If there is more than one Pool Manager for a Pool or Pools, the Pool Managers for the Pool(s) may obtain a single Trading Permit for the Pool Managers and all of the Pools approved under Rule 305A for which they act as Pool Manager. Pool Managers and Pools must have a separate EFID or EFIDs for trading on the Exchange involving each distinct combination of Pool Manager and clearing number for that trading. A Pool Manager may utilize any of these EFIDs for trading involving a Pool or multiple Pools approved under Rule 305A for which it acts as Pool Manager.

TPH Permit holders shall have all of the rights and obligations of Trading Privilege Holders under the Rules of the Exchange except to the extent otherwise provided under this Policy and the Rules of the Exchange.

Any recipient of a TPH Permit as permitted by Rule 302 is required to provide the Exchange with the appropriate application materials and to be approved as a Trading Privilege Holder pursuant to Rule 305 before the recipient will be permitted to act as a Trading Privilege Holder.

A TPH Permit is non-transferable, non-assignable and may not be sold or leased, except that a Trading Privilege Holder may, with the prior written consent of the Exchange, transfer a TPH Permit to a Trading Privilege Holder organization or organization approved to be a Trading Privilege Holder: (i) which is an Affiliate; or (ii) which continues substantially the same business without regard to the form of the transaction used to achieve such continuation, e.g., merger, sale of substantially all assets, reincorporation, reorganization or the like.

The term of each TPH Permit that is issued and outstanding at the end of 2018 shall be automatically extended until December 31, 2019 unless the TPH Permit holder notifies the Exchange in a form and manner and within the applicable time period prescribed by the Exchange that the TPH Permit holder would like to have the TPH Permit expire on December 31, 2018 or on another date during 2019. All TPH Permits issued and outstanding at the end of 2019 shall expire on December 31, 2019. The Exchange may determine to extend the term of these TPH permits or allow these TPH permits to expire. The Exchange may also replace the TPH Permit program with a different permit program at any time.

The issuance of a TPH permit does not include the issuance of a match capacity allocation, port or EFID. A Trading Privilege Holder must separately obtain in a form and manner prescribed by the Exchange any match capacity allocations, ports or EFIDs that the Trading Privilege Holder desires to obtain.

All Exchange fees applicable to TPH Permit holders and all other Exchange fees will be as set forth in a separate Exchange fee schedule.

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