



May 31, 2018

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-2018-007

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”) hereby submits an updated CFE Fee Schedule for fees filed with the Commission (“Amendment”). The updated CFE Fee Schedule reflects fee changes required to be filed with the Commission that will become effective on June 14, 2018.

CFE has a Day Trade fee for Day Trades in Cboe Volatility Index (VX) futures and Cboe Russell 2000 Volatility Index (VU) futures that is lower than the generally applicable transaction fee for accounts that meet specified trading volume thresholds in those products. A Day Trade consists of two or more transactions on CFE on the same trading day in which a market participant buys and sells, or sells and buys, a particular number of contracts in a particular CFE product for a particular contract expiration. In order to be eligible for the Day Trade fee under the terms of the Day Trade Fee Program, market participants must, among other things, provide advance notice to the Exchange of the account(s) in which Day Trades will occur. Under the terms of the Program, the enrollment of an account under the Program or a change to an account number under the Program does not become effective until the start of the next trading month following receipt of notice of the account or account number change by the Exchange.

CFE migrated its trading system to a new trading system based on Bats technology on February 25, 2018. In advance of the migration, CFE notified CFE Trading Privilege Holders of a change to the field in which an account number needed to be provided as part of an order submission to CFE’s trading system. In connection with the migration, certain Trading Privilege Holders began to provide different account numbers in that field for accounts enrolled in the Day Trade Fee Program than the account numbers identified to the Exchange under the Program. For example, an account number may have been changed to include additional digits or to be a different number or identifier for the account. This may have occurred for various technical reasons as Trading Privilege Holders and their clearing firms implemented changes in order to interface with CFE following the migration and it appears that Trading Privilege Holders may not have realized the implications of these changes in relation to qualification for Day Trade rebates.

The Amendment includes the addition of a provision to the Day Trade Fee Program under the CFE Fee Schedule to allow for CFE to provide Day Trade Fee rebates under the Program to market participants that used a different account number to identify an account enrolled in the Program in connection with the migration of CFE’s trading system to Bats

technology than the account number previously identified to the Exchange under the Program. In all of these cases, CFE has received or will receive representations from the applicable Trading Privilege Holder that the account number provided was for an account previously enrolled in the Day Trade Fee Program. CFE also has undertaken its own review of data in support of these representations.

CFE believes that the Amendment is consistent with Designated Contract Market (“DCM”) Core Principles 2 (Compliance with Rules) and 7 (Availability of General Information) under Section 5 of the Act because providing Day Trade rebates under these unique circumstances is fair and equitable and does not unfairly discriminate and the Amendment sets forth in a clear and transparent way the manner in which CFE applies its fees.

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 is attached and is marked to show additions in underlined text and deletions in [bracketed] text:

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-2018-007 in any related correspondence.

Cboe Futures Exchange, LLC

[/s/ Matthew McFarland](#)

By: Matthew McFarland
Managing Director

CFE Fee Schedule^{1, 2}
For Fees Filed with the Commodity Futures Trading Commission
Effective June [1] 14, 2018

- 1.a. Transaction Fees in Cboe Volatility Index (VX) Futures, Cboe Russell 2000 Volatility Index (VU) Futures, and Cboe/CBOT 10-Year U.S. Treasury Note Volatility Index (VXTY) Futures: Per Contract Side
- | | |
|---|--|
| A. CFE TPH Permit Holder ³ | |
| 1. Non-Cboe Options trading permit holder ⁴ | \$1.00 |
| B. Customer | \$1.40 |
| C. Day Trade ⁵ | 55% of generally applicable transaction fee/No Day Trade discount for VXTY futures |
| D. Block Trade ⁶ | \$1.00 |
| (Fee is in addition to other applicable transaction fees) | |
- 1.b. Transaction Fees in S&P 500 Variance (VA) Futures: By contract side per 1,000 Vega Notional
- Standard Transactions
- | | |
|---|--------|
| A. CFE TPH Permit Holder ³ | |
| 1. Cboe Options trading permit holder | \$4.00 |
| 2. Non-Cboe Options trading permit holder | \$4.00 |
| B. Customer | \$8.00 |
| C. Block Trade | \$1.00 |
| (Fee is in addition to other applicable transaction fees. Block Trades are not permitted in stub positions in S&P 500 Variance Futures) | |
- CFE assesses the Transaction Fees set forth above to the Clearing Member for the execution that is identified on the trade record for the applicable transaction, regardless of whether the trade is given up to another Clearing Member for clearing and regardless of whether a different Clearing Member has been identified as the designated Clearing Member under the Integrated Billing System by the CFE TPH that executed the trade.
2. Trading Permit Fees:⁷ Amount⁸
- | | |
|---|-------------|
| A. Clearing Member | \$100/month |
| B. Proprietary Trading/Pool Manager/
Pooled Investment Vehicle | \$600/month |
| C. Retail Brokerage/Executing Brokerage | \$700/month |
3. Applications Fees: Amount
- | | |
|---|---------------------|
| A. Cboe Options trading permit holder | Waived |
| B. Individual Non-Cboe Options trading permit holder ⁹ | \$500 |
| C. Organization Non-Cboe Options trading permit holder ⁹ | \$1,000 |
| D. Investigation Fee ¹⁰ | \$135/Investigation |
13. Integrated Billing System:
Every Trading Privilege Holder must designate a Clearing Member for the payment by means of the integrated billing system (“IBS”) of the Trading Privilege Holder’s Exchange fees designated by the Exchange (other than for Transaction Fees) and vendor fees for Exchange-related services

designated by the Exchange. The designated Clearing Member shall pay to the Exchange on a timely basis any amount that is not disputed pursuant to IBS procedures by the Trading Privilege Holder that is directly involved. Such payments shall be collected by the Exchange against the designated Clearing Member's account at the Clearing Corporation. Exchange Transaction Fees are also assessed pursuant to the IBS to the Clearing Member for the execution that is identified on the trade record for the applicable transaction. The Clearing Corporation shall have no liability in connection with forwarding to the Exchange payments drafted pursuant to the IBS.

¹ CFE fees are invoiced at the beginning of each month for the previous month of service.

² Any potential billing errors relating to fees assessed by CFE must be brought to the attention of CFE's Accounting Department within 90 days from the invoice date. All fees assessed shall be deemed final and non-refundable after 90 days from the invoice date if notice of a potential billing error is not provided within that time frame. The Exchange is not precluded from assessing fees more than 90 days after they were incurred if those fees were required to be paid pursuant to the CFE Fee Schedule in effect at the time the fees were incurred.

³ A Trading Privilege Holder ("TPH") is only eligible to receive a CFE TPH Permit Holder rate for transactions resulting from the execution of orders that are submitted with that TPH's own EFID(s). Otherwise, the TPH's transactions are subject to the Customer rate.

⁴ This rate is also assessed to any CFE TPH Permit holder that is not a Cboe Options trading permit holder but is majority owned by a Cboe Options trading permit holder.

⁵ In order for the Day Trade fee to be applicable with respect to transactions by or on behalf of an account of an ultimate account holder for a particular trading month in a CFE product eligible for the Day Trade fee, the ultimate account holder's account must meet the applicable monthly trading volume threshold below in that trading month:

<u>Contract</u>	<u>Monthly Trading Volume Threshold</u>
VX futures	20,000 contracts in VX futures
VU futures	10,000 contracts in VU futures

For those transactions in a product above in excess of the monthly trading volume threshold, CFE will rebate 45% of the generally applicable transaction fees that are assessed for those contract purchases and sales by or on behalf of the ultimate account holder's account that qualify as Day Trades. Transactions in VA futures and VXTY futures do not qualify as Day Trades. The rebate shall occur at the end of the applicable trading month for those Day Trades that qualify for the rebate during the applicable trading month.

A Day Trade consists of two or more transactions on CFE on the same trading day in which a market participant buys and sells, or sells and buys, a particular number of contracts in a particular CFE product for a particular contract month. For example, if a market participant bought 10 December VX futures contracts and sold 10 December VX futures contracts on the same trading day, those transactions would constitute a Day Trade and would result in a rebate equal to 45% of the generally applicable transaction fee for all 20 contracts. Similarly, if a market participant sold 10 March VX futures contracts and bought 15 March VX futures contracts on the same trading day, those transactions would constitute a Day Trade with respect to the 10 contracts sold and with respect to 10 of the 15 contracts bought. In this example, the rebate would be equal to 45% of the generally applicable transaction fee for 20 of the 25 contracts.

Determination of monthly trading volume and Day Trade fee rebates are made with respect to transactions by or on behalf of the account of an ultimate account holder and transactions by or on behalf of different ultimate account holders or different accounts of the same ultimate account holder may not be aggregated for purposes of meeting the monthly trading volume threshold or receiving Day Trade fee rebates. Day Trade fee rebates are made to the Clearing Member that is originally assessed the generally applicable transaction fees for the Day Trade transactions at the time they occur through the payment of the rebates to that Clearing Member.

In order to be eligible for the Day Trade fee, market participants are required to provide a written notification to CFE in a form and manner prescribed by CFE with the following information: (i) a request to have the Day Trade fee apply to transactions by or on their behalf, (ii) the CFE product(s) for which Day Trade fee rebates are requested, and (iii) the account(s) in which Day Trades will occur. Other than as provided in the following paragraph, the application of the Day Trade fee to a market participant for a product or account begins at the start of the next trading month following receipt of this notification by CFE. Market participants shall also provide any supplemental documentation requested by CFE to substantiate that contract purchases and sales qualify as Day Trades in order for Day Trade fee rebates to apply to those transactions. Failure to promptly provide notice of any changes to information provided to CFE for purposes of receiving Day Trade fee rebates, including account number changes and additions, and supplemental documentation requested by CFE may result in ineligibility for the applicable rebates.

In the event that a market participant's account is transferred from a Clearing Member to an affiliated Clearing Member or from a Clearing Member to an unaffiliated Clearing Member in connection with a transaction or agreement between the Clearing Members involving the transfer of accounts between the Clearing Members, the following shall be applicable: The account at the new Clearing Member will be treated as the same account as the account at the original Clearing Member for purposes of the Day Trade fee during the trading month in which the transfer occurs, provided that the market participant provides a written notification to CFE in a form and manner prescribed by CFE of the change in account prior to the end of that trading month.

For any account that was enrolled in the Day Trade Fee Program for which a different account number was provided in the account field in order submissions to CFE in connection with the migration of the CFE System to Bats technology, CFE shall provide Day Trade rebates for that account in the amount that would have been rebated had the account number previously identified to CFE under the Program for that account been provided in the account field in those order submissions. In order to receive these Day Trade rebates, a market participant shall provide any representations and supplemental documentation requested by CFE in order to substantiate that the market participant is entitled to Day Trade rebates under this paragraph.

⁶ Block Trade fees for Trade at Settlement ("TAS") transactions executed as Block Trades are capped at \$500.00 per trading day for each TPH.

⁷ A TPH shall be entitled to obtain a single Trading Permit. A Pool Manager may obtain a single Trading 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. The monthly fee for a Trading Permit is based on the capacity or capacities of the TPH on CFE. There are three categories of capacities specified in the CFE Fee Schedule. If a TPH has capacities in multiple categories, the TPH is assessed the monthly Trading Permit fee for each category. If a TPH has capacities in the same category, the monthly Trading Permit fee for that category covers all capacities in that category and the TPH is not assessed an additional monthly Trading Permit fee for that category.

⁸ A monthly or quarterly fee under the CFE Fee Schedule will be prorated for the initial month or quarter in which it is applicable, with the exception of Device/Authorized User fees which are not prorated for any month in which they are applicable. A monthly or quarterly fee under the CFE Fee Schedule is not prorated for the final month or quarter in which it is applicable (unless that final month or quarter is the same as the initial month or quarter in which the fee is applicable).

⁹ A Non-Cboe Options Trading Permit Holder application fee is not applicable if a former Trading Privilege Holder applies for reinstatement as a Trading Privilege Holder within 30 days of termination as a Trading Privilege Holder.

¹⁰ This fee is assessed for each investigation that is conducted of any Trading Privilege Holder applicant; any executive officer or authorized signatory of an applicant; and any executive officer or authorized signatory added by an existing Trading Privilege Holder.