



June 16, 2015

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-2015-017

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 update various CFE rule provisions. The Amendment will become effective on June 30, 2015.

CFE is amending various rule provisions within the CFE Rulebook and the Policies and Procedures section of the CFE Rulebook as described below in order to clarify and update certain aspects of those provisions:

- CFE is removing references in its rules to the Arbitration Committee, the Director of Arbitration, and CFE arbitration panels. CFE recently amended its rules to provide that matters subject to arbitration under CFE rules will be arbitrated in accordance with the arbitration rules of the National Futures Association.¹ Thus, CFE no longer has a need for an Arbitration Committee, Director of Arbitration, or CFE arbitration panels.
- CFE is amending CFE Rule 174 (Trading Privileges) to make clear that CFE Trading Privileges include both the privilege to access CFE’s trading system and to enter into Exchange of Contract for Related Position transactions and Block Trades in CFE products in accordance with CFE rules.
- CFE is amending CFE Rule 304 (Eligibility for Trading Privileges) to make clear that applicants for CFE Trading Privileges that are trading permit holders of CFE affiliate Chicago Board Options Exchange, Incorporated (“CBOE”) and that are not CBOE trading permit holders are each subject to the same qualification criteria for CFE Trading Privileges. Accordingly, CFE is amending Rule 304(a) by consolidating into a

¹ See CFE Rule Certification Number CFE-2014-27 dated November 18, 2014.

single paragraph the current paragraphs that address the qualification criteria for these two categories of applicants. CFE is also amending Rule 304(a) to make clear that a CFE Clearing Member must provide a letter of guarantee for its own trading activity on CFE consistent with CFE Rule 1101(a).

- CFE is amending CFE Rule 305 (Application for Trading Privileges) to make clear that CFE may investigate in a form and manner determined by the Exchange any applicant for CFE Trading Privileges; any Responsible Traders, executive officers, or authorized signatories of an applicant; and any Responsible Traders, executive officers, or authorized signatories added by a CFE Trading Privilege Holder (“TPH”) subsequent to being approved as a TPH.
- CFE is amending three CFE rules to correct minor typographical errors. Specifically, CFE is amending (i) CFE Rule 405B (Opening Process) to correct the paragraph lettering of that rule, (ii) CFE Rule 415 (Block Trading) to update a reference to the section number of the Act which includes the definition of “eligible contract participant,” and (iii) CFE Rule 2102 (Contract Specifications) to correct a reference to RVX futures.
- CFE is amending the provisions of CFE Rule 406 (Execution of Orders by CBOE System) regarding a designated primary market maker trade participation right and CFE Policy and Procedure XI (CBOE/CBOT 10-Year U.S. Treasury Note Volatility Index Lead Market Maker Program) regarding a lead market maker trade participation right to include a description of the rounding process for these participation rights.
- CFE is amending CFE Rule 419 (Limitation of Liability; Legal Proceedings) to make clear that the submission time frames for requests for compensation to the Exchange commence upon the later of the occurrence of a loss event or when the TPH submitting a request for compensation reasonably should have been aware of the occurrence of the loss event as determined by the Exchange.
- CFE is amending CFE Policy and Procedure III (Resolution of Error Trades) to make clear that the CFE Help Desk is authorized to cancel orders or quotes as it deems necessary to maintain fair and orderly markets if a technical or systems issue or malfunction occurs within CFE’s trading system. The provision also makes clear that the Help Desk will disseminate notice to impacted TPHs of any cancellation of orders or quotes so that TPHs may re-submit orders or quotes. Such an action may be necessary, for example, if a system malfunction impacts pending orders or quotes and the Exchange determines that cancellation of orders or quotes is necessary to resolve the issue or if the Exchange fails over to a back-up iteration of its trading system running in tandem with its primary trading system in order to resolve a systems issue.

CFE believes that the Amendment is consistent with Designated Contract Market Core Principles 2 (Compliance with Rules), 4 (Prevention of Market Disruption), 7 (Availability of General Information), and 14 (Dispute Resolution) under Section 5 of the Act because the Amendment: (i) clarifies the scope of CFE Trading Privileges and CFE’s access requirements; (ii) makes clear how CFE may address system issues and malfunctions in furtherance of reducing the potential risk of price distortions and market disruptions; (iii) corrects paragraph lettering and references in CFE’s rules, further describes the manner of operation of CFE’s trading system, and clarifies the timeframes for the submission of compensation requests for loss events; and (iv)

clarifies CFE's dispute resolution provisions.

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:

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CBOE Futures Exchange, LLC Rules

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Rule 104. [Arbitration Committee] Reserved

[The term "Arbitration Committee" means the arbitration committee constituted in accordance with, and with the authority and rights set forth or referred to in, Rule 210.]

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Rule 131. [Director of Arbitration] Reserved

[The term "Director of Arbitration" means the individual appointed by the Exchange from time to time to serve as its director of arbitration.]

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Rule 174. Trading Privileges

The term "Trading Privileges" means a permit conferred by the Exchange on any Person in accordance with Rule 305 to access the CBOE System and to enter into Exchange of Contract for Related Position transactions and Block Trades in Contracts in accordance with the Rules of the Exchange.

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Rule 204 Eligibility

(a) No Person may serve as a member of the Board, the Business Conduct Committee, any BCC Panel or any other disciplinary committee[, arbitration panel] or oversight panel of the Exchange if such Person:

(i) was found within the prior three years by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the Commission to have committed a disciplinary offense;

(ii) entered into a settlement agreement within the prior three years in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;

(iii) currently is suspended from trading on any contract market, is suspended or expelled from membership with any self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:

(A) a finding by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the Commission that such Person committed a disciplinary offense; or,

(B) a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;

(iv) currently is subject to an agreement with the Commission or any self-regulatory organization not to apply for registration with the Commission or membership in any self-regulatory organization;

(v) currently is subject to or has had imposed on him or her within the prior three years a Commission registration revocation or suspension in any capacity for any reason, or has been convicted within the prior three years of any of the felonies listed in Section 8a(2)(D)(ii) through (iv) of the CEA;

(vi) currently is subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in Section 3(a)(26) of the Exchange Act; or

(vii) is subject to a basis for refusal to register a Person under Section 8a(2) of the CEA.

(b) For purposes of this Rule 204, the terms “arbitration panel,” “disciplinary committee,” “disciplinary offense,” “final decision,” “oversight panel,” “self-regulatory organization” and “settlement agreement” have the definitions set forth in Commission Regulation § 1.63(a).

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Rule 210. [Arbitration Committee] Reserved

[The functions and responsibilities of the Arbitration Committee shall be assumed by the arbitration committee of the CBOE, as appointed from time to time pursuant to CBOE Rule 2.1(a). The Arbitration Committee shall have the authority and rights assigned to it in Chapter 8.]

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Rule 304. Eligibility for Trading Privileges

(a) [Each trading permit holder of CBOE with trading privileges on CBOE from time to time shall, by virtue of such trading permit, be eligible to obtain Trading Privileges without any need to satisfy any additional criteria or requirements, except as may be otherwise prescribed by the

Exchange from time to time; *provided* that (i) such trading permit holder is not subject to any statutory disqualification (unless an appropriate exemption has been obtained with respect thereto), (ii) to the extent required by Applicable Law, such trading permit holder is registered or otherwise permitted by the appropriate regulatory body or bodies to conduct business on the Exchange and (iii) any such trading permit holder that is not a Clearing Member shall be guaranteed by a Clearing Member in the manner described in Rule 1101.]

Each Person [that is not, at the time of application, a trading permit holder of CBOE with trading privileges on CBOE and] that wishes to [have] obtain Trading Privileges [in any Contracts] must (i) not be subject to any statutory disqualification (unless an appropriate exemption has been obtained with respect thereto), (ii) 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 (iii) [if such Person is not a Clearing Member, such Person shall] be guaranteed by a Clearing Member in the manner described in Rule 1101. In addition, [in each such case,] 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 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) would bring the Exchange into disrepute; or

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

(b) - (d) No changes.

CFE Rule 305. Application for Trading Privileges

(a) Each applicant for Trading Privileges shall submit an application to the Exchange in a form and manner prescribed by the Exchange. The Exchange may investigate in a form and manner determined by the Exchange any applicant; any Responsible Traders, executive officers, or authorized signatories of an applicant; and any Responsible Traders, executive officers, or authorized signatories added by a Trading Privilege Holder subsequent to being approved as a Trading Privilege Holder. Each applicant shall promptly update the application materials if any of the information provided therein becomes inaccurate or incomplete after the date of submission and prior to any approval of the application.

(b) Upon completion of the application process, the Exchange shall determine whether to approve or disapprove the application, unless there is a just cause for delay. One such just cause for delay is when an applicant for Trading Privileges is the subject of an inquiry, investigation, or proceeding conducted by a self-regulatory organization or governmental authority that involves the applicant's fitness to be a Trading Privilege Holder. In such instance, the Exchange may defer taking action on the application until the matter has been resolved.

([b]c) Each Person approved as a Trading Privilege Holder shall agree in writing to abide by the

Rules of the Exchange.

([c]d) If the application process is not completed within six months of submission of an application to be a Trading Privilege Holder, the application shall be deemed to be withdrawn.

([d]e) Each applicant to be a Trading Privilege Holder must become effective in that status within 90 days of the date of the applicant's approval for that status.

([e]f) An applicant to be a Trading Privilege Holder shall become an effective Trading Privilege Holder upon (i) satisfying the applicable requirements to obtain Trading Privileges and (ii) release of Trading Privileges to that Trading Privilege Holder by the Exchange.

([f]g) Each Trading Privilege Holder that is not registered or notice-registered with the NFA and that is not a CBOE trading permit holder shall promptly update the following information on file with the Exchange through the submission of application materials by the Trading Privilege Holder and updates to those materials pursuant to this Rule 305(d) if that information becomes inaccurate or incomplete:

- (i) disciplinary history information;
- (ii) executive officer information; and
- (iii) information regarding ownership interests in the Trading Privilege Holder.

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Rule 405B. Opening Process

(a) *Pre-Opening Period.* The CBOE System disseminates a notice of the commencement of the pre-opening period ("Pre-Opening Notice"). The pre-opening period is a period of time determined by the Exchange before the opening of trading in a Contract during which the CBOE System accepts quotes, Orders, Order cancellations and Order modifications in that Contract, subject to the limitations set forth in paragraph ([f]g) below. Quotes and Orders accepted by the CBOE System are not executable during the pre-opening period.

(b) *Opening Rotation Notice.* Unless unusual circumstances exist, the CBOE System initiates an opening rotation procedure at the opening time for a Contract and disseminates an opening rotation notice ("Rotation Notice") at that time.

(c) *Opening Rotation Period.*

(i) After the CBOE System initiates the opening rotation procedure and disseminates the Rotation Notice, the CBOE System enters into an opening rotation period.

(ii) During the opening rotation period, the CBOE System calculates and disseminates the expected opening price and size for each Contract at specified intervals of time determined by the Exchange (referred to "EOP Messages") if the order book for the Contract is crossed (the highest bid is higher than the lowest offer) or locked (the highest bid equals the lowest offer).

(iii) During a time frame determined by the Exchange following the opening time, the CBOE System processes the Contracts for each Exchange product to determine the opening price and opening trade(s), if any, in each of these Contracts. The processing of the Contracts for each Exchange product during this time frame occurs in a random order at fixed time intervals determined by the Exchange.

(iv) The CBOE System will continue to accept quotes, Orders, Order cancellations, and Order modifications for a Contract for inclusion in the opening rotation procedure and continue to calculate and disseminate EOP Messages for a Contract until the opening price and opening trade(s), if any, in that Contract are determined.

(d) *Opening Price.*

(i) The opening price of a Contract is the “market-clearing” price that will leave bids and offers which cannot trade with each other.

(A) If there are multiple prices at which the same number of contracts can trade, the opening price will be at a price that is closest to the mid-point of the resulting bid-ask.

(B) If there will be no resulting bid-ask, the opening price will be the limit price of the highest priced sell Order or quote that is participating in the opening trade(s).

(C) If there will only be a resulting bid, with no resulting ask, the opening price will be the limit price of the lowest priced buy Order or quote that is participating in the opening trade(s).

(D) If there will only be a resulting ask, with no resulting bid, the opening price will be the limit price of the highest priced sell Order or quote that is participating in the opening trade(s).

A resulting bid and/or ask refers to the bid and/or ask that remains following the completion of the opening trade(s), if any, through the opening rotation procedure.

(ii) As the opening price is determined by Contract, the CBOE System disseminates the opening trade price, if any, and the opening bid and ask prices for that Contract.

([d]e) *Open Trading.* The opening rotation period for a Contract ends when the process to determine the opening price and opening trade(s), if any, for that Contract is completed. The CBOE System then disseminates a notice of the commencement of open trading in the contract (“Open Trading Notice”) and the Contract moves into an open state for trading.

([e]f) *Rotation Allocation Method.* The allocation method for a Contract that applies during the opening rotation procedure is the same as the allocation method that otherwise applies to the Contract.

([f]g) *Order Submission Limitations Around Opening.* The CBOE System will not accept Market Orders in a Contract before the opening time for that Contract or during the thirty second time period following the opening time for that Contract. The CBOE System will not accept Fill or

Kill Orders or Immediate or Cancel Orders in a Contract until the Contract is in an open state for trading following the completion of the opening rotation period.

([g]h) *Re-openings and Delayed Openings.*

(i) The opening process set forth in this Rule 405B shall also be utilized whenever the Exchange reopens trading in a Contract within the same trading session or has a delayed opening. For purposes of this Rule 405B, a delayed opening during which the opening process is completed more than thirty seconds following the opening time is referred to as a “Delayed Opening”.

(ii) Since Market Orders may be present during the pre-opening period and opening rotation period for re-openings within a trading session or for Delayed Openings, the following additional provisions apply in relation to re-openings and Delayed Openings during the opening rotation procedure with respect to Market Orders:

(A) In determining the priority of Orders and quotes to be traded, the CBOE System gives priority to Market Orders first ahead of limit Orders and quotes.

(B) The CBOE System will not open a Contract if all or a portion of any Market Order is not able to execute against one or more opposite side quotes at or within the applicable Threshold Width at the time that the CBOE System attempts to process the Contract to determine the opening price and opening trade(s), if any, in the Contract. If this condition occurs, the CBOE System will:

(1) disseminate a request for quote (“RFQ”) if the size of the opposite side quote(s) is smaller than the size of the market order(s); and

(2) not move the Contract into an open state for trading until the condition is no longer present or a determination is made to open the Contract pursuant to paragraph ([h]i) below.

If the above condition occurs and a determination is made to open the Contract pursuant to paragraph ([h]i) below, any Market Order that causes this condition will not be executed during the opening process. The Market Order will be executable during open trading once any Order or quote for the Contract has been received by the CBOE System during open trading and if a Threshold Width exists in the Contract. Policy and Procedure I will not be applicable with respect to the execution of the Market Order.

([h]i) *Opening Conditions.* If a condition is present within the CBOE System that prevents a Contract from moving into an open state for trading, the senior person in charge of the Help Desk may authorize moving the Contract into an open state for trading in the interest of a fair and orderly market or in the event of unusual market conditions.

([i]j) *Dissemination of Messages.* The dissemination of Pre-Opening Notices, Rotation Notices, EOP Messages, RFQs, and Open Trading Notices pursuant to this Rule 405B are made to market participants that have elected to receive this information.

([j]k) *Spreads.* The provisions of paragraphs (a) through ([i]j) above do not apply to spreads.

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Rule 406. Execution of Orders by CBOE System

(a) No changes.

(b) **Priority Overlays.** In addition to the base allocation methods set forth in paragraph (a) above, the Exchange may determine that any or all of the following priority overlays shall apply, in a sequence determined by the Exchange, to the execution of Orders for any Contract by the CBOE System:

(i) *Public Customer Priority.* If this priority overlay is in effect with respect to any Contract, the highest bid and lowest offer available at any time shall have priority, except that Orders placed by or on behalf of public Customers shall have priority over Orders at the same price placed by or on behalf of non-public Customers. If there are two or more Orders placed by or on behalf of public Customers at the same price, such Orders shall be executed in the order in which they were received by the CBOE System, even if pro rata priority is the chosen base allocation method.

(ii) *Market Turner Priority.* If this priority overlay is in effect with respect to any Contract, each Market Turner shall have priority at the highest bid or lowest offer made by it. At any given price, such priority shall remain with the Market Turner for such price. For example, if the market first moves in the same direction as an Order previously placed by a Market Turner, and then moves back to the price previously bid or offered by such Market Turner, then such Market Turner retains its priority at such price.

The Exchange may determine to reduce the Market Turner priority to a percentage of each Order that that is executable against the Market Turner. In such cases, the Market Turner may participate in the balance of an Order, pursuant to the base allocation method in effect under paragraph (a) of this Rule 406, after the Market Turner priority has been applied. To the extent the Market Turner Order bid or offer is not fully exhausted, it shall retain Market Turner priority for subsequent Orders until the conclusion of the trading session.

(iii) *Trade Participation Right Priority.* DPMs may be granted trade participation rights in accordance with any program adopted pursuant to Rule 515, which rights may provide for priority of Orders placed, or quotes made, by such market makers over other Orders or quotes, up to the applicable participation right percentage and/or up to a specified size. In granting trade participation rights to DPMs, the following principles shall be followed:

(A) The DPM's Order or quote must be at the best available price immediately prior to the execution of the relevant Order.

(B) A DPM may not be allocated a total quantity of Contracts that would be greater than the quantity for which such DPM placed Orders or made quotes at that price.

(C) If both the trade participation right priority and pro rata priority are in effect, the priorities shall interact in one of the following two ways, as specified by the Exchange:

1. the DPM shall receive the allocation resulting from the application of the trade participation right priority or the DPM shall receive the allocation resulting from the application of the pro rata priority, which is greater; or

2. the DPM shall receive the allocation resulting from the application of the trade participation right priority and any further allocation resulting from the subsequent application of the pro rata priority to the DPM's remaining quote /Order size at the best price.

(D) If both the trade participation right priority and the market turner priority are in effect and the DPM is the Market Turner for the relevant price, the market turner priority shall not be applicable.

(E) In determining the parties to a particular trade, a DPM's trade participation right shall be applied against such DPM's bids or offers in accordance with their relative priority.

(F) If the application of the DPM participation right percentage would result in allocation to the DPM of a number of contracts that is not a whole number, that number will be rounded up to the next whole number if the fractional portion of that number is 0.5 or greater and will be rounded down to the previous whole number if the fractional portion of that number is less than 0.5.

(c) - (e) No changes.

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Rule 415. Block Trading

(a) If and to the extent permitted by the rules governing the applicable Contract, Trading Privilege Holders may enter into transactions outside the CBOE System, at prices mutually agreed, provided all of the following conditions are satisfied (such transactions, "Block Trades"):

(i) Each buy or sell order underlying a Block Trade must (A) state explicitly that it is to be, or may be, executed by means of a Block Trade and (B) be for at least such minimum number of Contracts as will from time to time be specified by the Exchange; *provided* that only (x) a commodity trading advisor registered under the CEA, (y) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the CEA and Commission Regulations thereunder and (z) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States of America, in each case with total assets under management exceeding US\$25 million, may satisfy this requirement by aggregating orders for different accounts that are under management or control by such commodity trading advisor, investment adviser, or other Person. Other than as provided in the foregoing sentence, orders for different accounts may not be aggregated to satisfy Block Trade size requirements. For purposes of this Rule, if the Block Trade is executed as a spread order (as defined in Rule 404(g)), the total quantity of the transaction and the quantity of each leg of the transaction must meet any designated minimum sizes applicable to those types of transactions that are set forth in the rules governing the relevant Contract.

(ii) Each party to a Block Trade must qualify as an “eligible contract participant” (as such term is defined in Section [1a(12)] 1a(18) of the CEA); *provided* that, if the Block Trade is entered into on behalf of Customers by (A) a commodity trading advisor registered under the Act, (B) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the Act and Commission Regulations thereunder or (C) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States of America, in each case with total assets under management exceeding US\$25 million, then only such commodity trading advisor or investment adviser, as the case may be, but not the individual Customers, need to so qualify.

(b) - (n) No changes.

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Rule 419. Limitation of Liability; Legal Proceedings

(a) - (b) No changes.

(c) NOTICE OF ALL REQUESTS FOR COMPENSATION PURSUANT TO THIS RULE SHALL BE IN WRITING AND MUST BE SUBMITTED NO LATER THAN 12:00 P.M. CHICAGO TIME ON THE NEXT BUSINESS DAY FOLLOWING THE LOSS EVENT GIVING RISE TO SUCH REQUESTS. ALL REQUESTS SHALL BE IN WRITING AND MUST BE SUBMITTED ALONG WITH SUPPORTING DOCUMENTATION BY 5:00 P.M. CHICAGO TIME ON THE THIRD BUSINESS DAY FOLLOWING THE LOSS EVENT GIVING RISE TO EACH SUCH REQUEST. THESE SUBMISSION TIME FRAMES SHALL COMMENCE UPON THE LATER OF THE OCCURENCE OF THE LOSS EVENT OR WHEN THE TRADING PRIVILEGE HOLDER SUBMITTING A REQUEST FOR COMPENSATION REASONABLY SHOULD HAVE BEEN AWARE OF THE OCCURENCE OF THE LOSS EVENT AS DETERMINED BY THE EXCHANGE. ADDITIONAL INFORMATION RELATED TO THE REQUEST AS REQUESTED BY THE EXCHANGE IS ALSO REQUIRED TO BE PROVIDED. THE EXCHANGE SHALL NOT CONSIDER REQUESTS FOR WHICH TIMELY NOTICE AND SUBMISSION HAVE NOT BEEN PROVIDED AS REQUIRED UNDER THIS PARAGRAPH (c).

(d) - (k) No changes.

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Rule 2102. Contract Specifications

(a) - (c) No changes.

(d) *Position Limits.* [VXN] RVX futures are subject to position limits under Rule 412.

A person may not own or control: (1) more than 5,000 contracts net long or net short in all RVX futures contracts combined; and (2) more than 2,500 contracts net long or net short in the expiring RVX futures contract, commencing at the start of trading hours for the Business Day immediately preceding the final settlement date of the expiring RVX futures contract.

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled

by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding shall be cumulated.

The foregoing position limit shall not apply to positions that are subject to a position limit exemption meeting the requirements of Commission Regulations and CFE Rules.

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**CBOE Futures Exchange, LLC
Policies and Procedures**

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Policy and Procedure III. Resolution of Error Trades (Rule 416)

A. – M. No changes.

N. Cancellation of Orders and Quotes Due to System Malfunction

The help desk is authorized to cancel orders or quotes as it deems necessary to maintain fair and orderly markets if a technical or systems issue or malfunction occurs with the CBOE System. The help desk shall disseminate notice to impacted Trading Privilege Holders of any cancellation of orders or quotes pursuant to this Part N.

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Policy and Procedure XI. CBOE/CBOT 10-Year U.S. Treasury Note Volatility Index Lead Market Maker Program

Introductory, Qualifications, and Market Performance Benchmark Sections No changes.

Benefits

Transaction Fee Waiver

- Transaction fees in the VXTY futures contract (other than the CFE Regulatory Fee) shall be waived through June 30, 2014 for each LMM under the Program
- In order to receive the transaction fee waiver, each LMM must identify to the Exchange in advance the specific login(s) that the LMM will use in connection with VXTY futures trading.

LMM Trade Participation Right

- LMMs under the Program shall be afforded the following trade participation priority over orders and quotes placed by others in each VXTY futures contract when one or more LMMs is quoting at the best bid/offer in that contract immediately prior to the execution of the relevant transaction.
- The LMM trade participation right will be 30%.

- If there is more than one LMM quoting at the best bid/offer, the 30% trade participation right will be allocated among those LMMs by price-time priority in the following manner:
 - If the size of the quote of the LMM that was first in time at the best/bid offer (among the LMMs quoting at the best bid/offer) is greater than or equal to the quantity attributable to the 30% trade participation right for the transaction, the entire 30% trade participation right will be allocated to that LMM for the transaction.
 - If the size of the quote of the LMM that was first in time at the best bid/offer (among the LMMs quoting at the best bid/offer) is less than the quantity attributable to the 30% trade participation right for the transaction, the remaining quantity attributable to the 30% participation right will next be allocated to the LMM that was second in time at the best bid/offer (among the LMMs quoting at the best bid/offer). This process of allocating the remaining trade participation right to the LMMs quoting at the best bid/offer in time order will continue until the quantity attributable to the 30% participation right is fully allocated or the quantity of each LMM's quote at the best bid/offer is exhausted.
 - An LMM may not be allocated a total quantity through the trade participation right that is greater than the quantity that the LMM is quoting at the best/bid offer.
 - If the application of the trade participation right would result in allocation to an LMM of a number of contracts that is not a whole number, that number will be rounded up to the next whole number if the fractional portion of that number is 0.5 or greater and will be rounded down to the previous whole number if the fractional portion of that number is less than 0.5.
- The base allocation method of price-time priority in VXTY futures and the LMM trade participation right priority in VXTY futures shall interact in the following manner:
 - LMMs will receive any allocation resulting from the LMM trade participation right priority and any further allocation resulting from the subsequent application of price-time priority to an LMM's remaining quote at the best bid/offer.
- For purposes of the Program, references in the Program to quoting and quotes by an LMM shall only be deemed to include a quote from an LMM and shall not be deemed to include a proprietary order from an LMM.

Term Section No changes.

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Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 or Eric Seinsheimer at (312) 786-8740. Please reference our submission number CFE-2015-017

in any related correspondence.

CBOE Futures Exchange, LLC

A handwritten signature in black ink, appearing to read "James F. Lubin". The signature is written in a cursive style with a large initial "J" and a distinct "Lubin" at the end.

By: James F. Lubin
Senior Managing Director