



July 12, 2018

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-2018-013

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 (“Commission”) under the Act, Cboe Futures Exchange, LLC (“CFE” or “Exchange”) hereby submits a CFE rule amendment (“Amendment”) to terminate the Cboe Bitcoin (USD) Futures Lead Market Maker Program (“LMM Program”) and to delete the LMM Program from CFE’s rules. The Amendment is set forth in a segregated confidential Appendix A to this submission. The Amendment will become effective on or after August 1, 2018, on a date (“Effective Date”) to be announced by the Exchange through the issuance of an Exchange notice.

The LMM Program has been in place since December 15, 2017. One of the provisions of the LMM program permits CFE to terminate the Program and all LMM appointments under the Program at any time. CFE recently amended the LMM Program and indicated at that time that CFE was considering whether to retain the amended LMM Program during its full term or to replace it with a different type of program.¹ Concurrent with the submission of this rule certification, CFE is submitting a separate rule certification to the Commission to implement a revised fee structure for Cboe Bitcoin (USD) (“XBT”) futures.²

In connection and concurrent with the implementation of the revised fee structure for XBT futures, CFE is hereby terminating the LMM Program and all LMM appointments under the Program effective upon the Effective Date. CFE believes that the revised fee structure will foster liquidity, market width and size, and volume in XBT futures and that a lead market maker program is not necessary at this time with the implementation of this revised fee structure. CFE will evaluate the market in XBT futures under the revised fee structure and could determine in the future to also implement a lead market maker program or other market maker program for XBT futures. Any such program would be implemented through a rule amendment submission to the Commission. Exhibit 1 to this submission reflects the deletion of the description of the LMM Program that is currently

¹ See CFE Rule Certification Submission Number CFE-2018-008 dated June 8, 2018.

² See CFE Rule Certification Submission Number CFE-2018-012 dated July 12, 2018.

included in Policy and Procedure IX of the Policies and Procedures Section of the CFE Rulebook.

CFE believes that the Amendment is consistent with Designated Contract Market Core DCM Core Principle 7 (Availability of General Information) in that the Amendment reflects the deletion of the LMM Program by removing the description of the LMM Program from CFE's rules.

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.

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-2018-013 in any related correspondence.

Cboe Futures Exchange, LLC

[/s/ Matthew McFarland](#)

By: Matthew McFarland
Managing Director

EXHIBIT 1

(Additions are shown in underlined text and deletions are shown in ~~stricken~~ text)

Cboe Futures Exchange, LLC Policies and Procedures Section of Rulebook

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IX. RESERVED ~~Cboe Bitcoin (USD) Futures Lead Market Maker Program~~

~~Trading Privilege Holder (“TPH”) organizations may apply to the Exchange for appointment as a lead market maker (“LMM”) in the CFE Bitcoin (USD) (“XBT”) Futures Lead Market Maker Program (“Program”).~~

~~The Exchange may approve up to three TPHs as LMMs in the Program. Any TPH that desires to apply for LMM status in the Program should submit an application in the form of a letter outlining the organization’s qualifications and commitments. TPHs shall be selected by the Exchange based on the Exchange’s judgment as to which applicants are most qualified to perform the functions of an LMM under the Program. Factors to be considered in making this selection may include, but are not limited to, satisfaction of the qualifications listed below as well as any one or more of the factors listed in Rule 515(b), as applied to LMM applicants instead of with respect to DPM applicants.~~

~~The following describes the qualifications, market performance benchmarks, benefits, and appointment term under the Program unless otherwise specified.~~

Qualifications

- ~~• Experience in trading spot bitcoin.~~
- ~~• Ability to automatically and systematically provide two sided markets during extended trading hours and regular trading hours.~~

Market Performance Benchmarks

- ~~• Each LMM shall identify in advance to the Exchange the EFIDs through which the LMM will provide Orders or quotes to satisfy the market performance benchmarks under the Program. Each LMM is required to utilize Exchange match trade prevention functionality under Rule 406B with respect to trading in XBT futures.~~
- ~~• Each LMM shall provide Orders in XBT futures in conformity with specified criteria relating to minimum two sided quote size and maximum quote width. These criteria apply during both regular trading hours and extended trading hours for XBT futures.~~
- ~~• The Exchange may terminate, place conditions upon or otherwise limit a TPH’s appointment as an LMM under the Program or not make payments to a TPH under the Program if the TPH fails to satisfy the market performance benchmarks under the Program. For example, the Exchange may reduce the applicable monthly incentive or revenue pool payment to an LMM~~

~~under the Program through a proration that takes into consideration the extent to which the TPH did not satisfy market performance benchmarks under the Program during the applicable calendar month. However, failure of a TPH to satisfy the market performance benchmarks under the Program shall not be deemed a violation of Exchange rules.~~

Benefits

- ~~• An LMM is eligible to receive specified benefits in connection with acting as an LMM under the Program.~~

Term

- ~~• The Program and each LMM appointment under the Program will expire on November 30, 2019. The Exchange may determine to extend the term of the Program and LMM appointments under the Program, allow the Program and LMM appointments under the Program to expire, terminate the Program and all LMM appointments under the Program at any time or replace the Program with a different LMM program at any time.~~

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