



August 17, 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-2018-016

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 a fee change required to be filed with the Commission as well as clarifications to the Fee Schedule. The updated CFE Fee Schedule will become effective on or after September 1, 2018, on a date to be announced by the Exchange through the issuance of an Exchange notice.

The Amendment includes the following revisions to the CFE Fee Schedule:

First, CFE is eliminating the current differentiation in CFE TPH application fees between CFE TPHs that are trading permit holders of Cboe Exchange, Inc. (“Cboe Options”) (the securities options exchange affiliated with CFE that was the original parent company of CFE) and CFE TPHs that are not trading permit holders of Cboe Options. CFE no longer believes that a differentiation in relation to Cboe Options fits with the overall corporate structure of CFE and its affiliates given recent corporate changes that have increased the number of securities exchanges affiliated with CFE. Accordingly, the Amendment revises the CFE Fee Schedule to apply a \$500.00 application fee to all individuals that are CFE TPH applicants and a \$1,000 application fee to all organizations that are CFE TPH applicants.

Second, CFE is supplementing the description of the recently implemented maker-taker/market turner fee structure in Cboe Bitcoin (USD) (“XBT”) futures in order to clarify how this fee structure addresses certain types of transactions. In particular, the Amendment makes clear that a taker fee is also the default transaction fee that applies with respect to (i) any spread order that executes against simple orders, (ii) any order executed as part of a single price opening during an opening process conducted by CFE’s trading system (“CFE System”), (iii) any Block Trade, and (iv) any Exchange of Contract for Related Position (“ECRP”) transaction. A default transaction fee is utilized for spread orders that trade with simple orders because the CFE System treats these spread orders as legging into the offsetting individual leg orders and thus taking their liquidity. The opening process is utilized at the commencement of trading hours on a business day and may also be used at other times during a business day such as to move spread orders out

of a queuing state or to re-open trading following a suspension period during a holiday trading session or following a trading halt. A default transaction fee is used for orders executed as part of a single price opening because the opening process determines a single opening trade price from multiple orders at different price points. Thus, differentiation between maker, taker, and market turner is not possible in the same way that exists during regular trading outside of an opening process. A default transaction fee is used for Block Trades and ECRP transactions because each involves the submission of a completed transaction instead of the submission of individual orders that are then matched by the CFE System. Additionally, the Amendment makes clear that the market turner credit or fee does not apply to any Spread Orders since a Spread Order may not have been first in time at the best price when compared to the prices of the individual legs that comprise a spread. These clarifications to the CFE Fee Schedule are consistent with the manner in which CFE already assesses transaction fees under the current XBT futures fee structure.

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 the amended fees are equitable and do 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 double-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-2018-016 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 [August 1] September 1, 2018

1.a. Transaction Fees in Cboe Volatility Index (VX) Futures: Per Contract Side

A. CFE TPH Permit Holder \$1.10

(This rate may be reduced by rebates based upon a TPH's Percentage of VX TPH Volume and Average Daily VX TPH Volume as specified below)³

<u>Tier</u>	<u>Percentage of VX TPH Volume for Applicable Month</u>	<u>Rebate Per Contract Side</u>
1	≥ 0.25%	\$0.08 Rebate
2	≥ 0.50%	\$0.13 Rebate
3	≥ 1.00%	\$0.22 Rebate
4	≥ 2.00%	\$0.29 Rebate
5	≥ 5.00%	\$0.33 Rebate
6	≥ 10.00%	\$0.37 Rebate
7	≥ 20.00%	\$0.42 Rebate

<u>Tier</u>	<u>Average Daily VX TPH Volume for Applicable Month</u>	<u>Rebate Per Contract Side</u>
1	≥ 500	\$0.03 Rebate
2	≥ 1,000	\$0.06 Rebate
3	≥ 2,000	\$0.09 Rebate
4	≥ 5,000	\$0.12 Rebate
5	≥ 10,000	\$0.14 Rebate
6	≥ 25,000	\$0.16 Rebate
7	≥ 50,000	\$0.18 Rebate
8	≥ 100,000	\$0.20 Rebate

B. Customer \$1.40

C. Customer Day Trade⁴ 55% of generally applicable transaction fee

D. Block Trade⁵ \$1.00

(Fee is in addition to other applicable transaction fees)

1.b.	<u>Transaction Fees in Cboe Russell 2000 Volatility Index (VU) Futures and Cboe/CBOT 10-Year U.S. Treasury Note Volatility Index (VXTY) Futures:</u>	<u>Per Contract Side</u>
	A. CFE TPH Permit Holder	\$1.10
	B. Customer	\$1.40
	C. Block Trade	\$1.00
	(Fee is in addition to other applicable transaction fees)	
1.c.	<u>Transaction Fees in S&P 500 Variance (VA) Futures:</u>	<u>By contract side per 1,000 Vega Notional</u>
	• <u>Standard Transactions</u>	
	A. CFE TPH 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)	
1.d.	<u>Transaction Fees in Cboe Bitcoin (USD) (XBT) Futures</u>	<u>Per Contract Side</u>
	A. CFE TPH Permit Holder	
	1. Taker Fee ⁶	\$0.25
	2. Maker Fee ⁷	\$0.00
	3. Market Turner Credit ⁸	\$0.15 Credit
	B. Customer	
	1. Taker Fee ⁶	\$1.00
	2. Maker Fee ⁷	\$0.80
	3. Market Turner Fee ⁸	\$0.65

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.	<u>Trading Permit Fees:</u> ⁹	<u>Amount</u> ¹⁰
	A. Clearing Member	\$100/month
	B. Proprietary Trading/Pool Manager/ Pooled Investment Vehicle	\$600/month
	C. Retail Brokerage/Executing Brokerage	\$700/month
3.	<u>Trading Permit Holder Applications Fees:</u>	<u>Amount</u>
	[A. Cboe Options trading permit holder	Waived]
	<u>A</u> [B]. Individual [Non-Cboe Options trading permit holder] ¹¹	\$500
	<u>B</u> [C]. Organization [Non-Cboe Options trading permit holder] ¹¹	\$1,000
	<u>C</u> [D]. Investigation Fee ¹²	\$135/Investigation
13.	<u>Integrated Billing System:</u>	

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. Notwithstanding the foregoing, the Exchange will not provide any refund with respect to transaction fees that are billed at a higher rate because an incorrect Customer Type Indicator (“CTI”) code was included in an order or transaction report submission. 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 Trading Privilege Holder (“TPH”) transactions in VX futures that qualify as VX TPH Volume are assessed the base TPH transaction fee rate for VX futures less any applicable rebate(s) from the two rebate schedules for TPH VX futures transactions. For this purpose, VX TPH Volume includes all TPH transaction volume in VX futures for which the applicable CTI code is 1, 2, or 3, including Trade at Settlement (“TAS”) transactions in VX futures under the ticker symbol VXT with one of those CTI codes and Block Trades and Exchange of Contract for Related Position transactions in VX futures with one of those CTI codes. There are two potential types of rebates for VX TPH Volume. A TPH may receive both rebates, one of the two rebates, or neither of the two rebates for a particular calendar month depending on whether the TPH qualifies for neither, one, or both of the rebates for that calendar month. A TPH may qualify for the first rebate based upon VX TPH Volume of the TPH during the applicable calendar month as a percentage of the total VX TPH Volume of all TPHs during the applicable calendar month. A TPH may qualify for the second rebate based upon the average daily VX TPH Volume of the TPH during the applicable calendar month. The amount of each rebate is based upon the tier level of the VX TPH Volume and the tier level of the average daily VX TPH Volume of the TPH for the applicable calendar month. Only the highest tier level within each rebate schedule for which a TPH qualifies for the applicable calendar month is applied for that calendar month. The VX futures transaction fee rate for a TPH for a calendar month (as determined by the base TPH transaction fee rate for VX futures minus any applicable rebate(s)) is applied, per contract side, to all of the TPH’s VX TPH Volume for the applicable calendar month.

⁴ Only customer transactions in VX futures may qualify for the Day Trade fee. In order for the Day Trade fee to be applicable with respect to transactions in VX futures by or on behalf of an account of an ultimate account holder for a particular trading month, 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

For those transactions in VX futures 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 VU futures, VA futures, 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 VX futures 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 for which Day Trade fee rebates are requested (i.e., VX futures), 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.

⁵ Block Trade fees for Trade at Settlement ("TAS") transactions executed as Block Trades are capped at \$500.00 per trading day for each TPH.

⁶ A taker fee applies if a participant's simple order trades against a resting simple order. In the case of a Spread Order, (i) a taker fee applies if a participant's Spread Order trades against a resting Spread Order and (ii) a taker fee is the default transaction fee that applies if a participant's Spread Order trades against any simple orders regardless of whether or not the simple orders were resting. A taker fee is also the default transaction fee that applies with respect to (i) any order executed as part of a single price opening during a CFE System opening process conducted at any time during a Business Day, (ii) any Block Trade, and (iii) any Exchange of Contract for Related Position transaction.

⁷ A maker fee applies if a participant's simple order resting in the order book is traded against by another simple order, [(unless the] In the case of a Spread Order, a maker fee applies if a participant's Spread Order resting in the order book

is traded against by another Spread Order. However, the maker fee does not apply if the taker fee or market turner credit or fee is applicable[]].

⁸ A market turner credit or fee applies if a participant's simple order that is resting in the order book was first in time at the best price and is traded against by another order. [An] A simple order is evaluated for market turner status upon receipt of the order by the CFE System and upon any modification to the order that causes the CFE System to re-evaluate the priority of the order (such as an increase to the quantity of the order or a change to the price of the order). If at the time of this evaluation the price of the order is better than the best price of any other orders resting in the order book on the same side of the market, the order will receive or retain market turner status. Once an order has received market turner status, that status will remain with the order for the life of the order (as long as the order is not modified in a manner that causes the CFE System to re-evaluate its priority, at which point its market turner status would be re-evaluated as well). Thus, for example, if [an] a simple order receives market turner status at its price level and the order is not modified, the order would retain market turner status at that price level if the prevailing price on that side of the market became better than the price of the order and then moved back to the price level of the order. However, the market turner credit or fee does not apply to any Spread Orders or if the taker fee is applicable.

⁹ 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.

¹⁰ 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).

¹¹ 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.

¹² This fee is assessed for each investigation that is conducted of any Trading Privilege Holder applicant; any executive officer authorized signatory of an applicant; and any executive officer authorized signatory added by an existing Trading Privilege Holder.