



October 22, 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-2018-024

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 Policy and Procedure XXII of the Policies and Procedures Section of the CFE Rulebook, which currently sets forth the New European Futures Commission Merchant Incentive Program (“Program”). The Program is being replaced by a revised fee structure for customer transactions in Cboe Volatility Index (“VX”) futures. The Amendment will become effective on or after November 5, 2018, on a date to be announced by the Exchange through the issuance of an Exchange notice.

The New European Futures Commission Merchant Incentive Program provides for transaction fee rebates with respect to customer transactions in VX and Cboe Russell 2000 Volatility Index (“VU”) futures with respect to transactions by European customers of European futures commission merchants (“FCMs”) upon satisfaction of a trading volume threshold in VX and VU futures. The Program also provides for a related waiver of CFE’s Market Data External Distribution Fee for FCM participants in the Program and for the assessment of an administrative fee in order to participate in the Program. CFE does not currently offer any VU futures for trading so as a practical matter the Program currently relates exclusively to trading in VX futures. The Program provides that the Exchange may determine to allow the Program to expire on its expiration date which is December 31, 2018, extend the term of the Program, or replace or modify the Program at any time.

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 customer transactions in VX futures.¹ Like the Program, the revised fee structure provides for transaction fee rebates with respect to customer transactions in VX futures that are based upon trading volume in VX futures. Accordingly, CFE is replacing the Program in its entirety with the revised VX futures fee structure for customer transactions. Specifically, the Amendment deletes the Program from the Policies and

¹ See CFE Rule Certification Submission Number CFE-2018-023 dated October 22, 2018.

Procedures Section of the CFE Rulebook and thus terminate the Program. CFE will implement the Amendment and the termination of the Program effective upon the same date that CFE implements the revised VX futures fee structure for customer transactions. CFE believes that the revised VX futures fee structure for customer transactions will serve the same purpose as the Program by further incentivizing customers to trade in VX futures and thus increase liquidity in VX futures to the benefit of all Exchange market participants. Additionally, there will be no administrative fee for customers to avail themselves of the revised VX futures fee structure for customer transactions.

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 Program by removing the description of the Program from CFE's rules.

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 ~~stricken~~ text, consists of the following:

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**Cboe Futures Exchange, LLC
Policies and Procedures Section of Rulebook**

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XX. RESERVED ~~New European Futures Commission Merchant Incentive Program~~

~~—The purpose of the New European Futures Commission Merchant Incentive Program (“Program”) is to incentivize new futures commission merchants (“FCMs”) and their customers located in European jurisdictions to trade designated Exchange products and thus increase liquidity in those products to the benefit of all Exchange market participants.~~

Products

- ~~• The Program is applicable with respect to the following products listed on the Exchange:
 - ~~○ Cboe Volatility Index (“VX”) Futures; and~~
 - ~~○ Cboe Russell 2000 Volatility Index (“VU”) Futures.~~~~

Eligibility

- ~~• The Program is limited to five FCM participants.~~
- ~~• In order for an FCM to participate in the Program, the FCM must:
 - ~~○ be located in a European jurisdiction approved by the Exchange pursuant to Rule~~~~

305B;

- ~~○ submit to the Exchange any application form(s) and documentation required by the Exchange in connection with participation in the Program;~~
- ~~○ become effective as a Trading Privilege Holder on or after April 1, 2017 and not have been an effective Trading Privilege Holder prior to that date;~~
- ~~○ remain effective as a Trading Privilege Holder during the time period that the FCM participates in the Program; and~~
- ~~○ not be affiliated with the Exchange.~~
- The Exchange shall select as Program participants the first five FCMs that satisfy the above eligibility criteria.
- In order for a customer to participate in the Program, the customer must:
 - ~~○ be a customer of an FCM participant in the Program;~~
 - ~~○ be located in a European jurisdiction approved by the Exchange pursuant to Rule 305B;~~
 - ~~○ not have previously traded in any product listed on the Exchange;~~
 - ~~○ agree to receive information from the Exchange and be contacted by Exchange representatives by phone, electronic mail, and postal mail; and~~
 - ~~○ submit to the Exchange in a form and manner prescribed by the Exchange any application form(s) and documentation required by the Exchange in connection with participation in the Program.~~

Benefits

~~— Transaction Fee Rebates~~

- ~~The Exchange will issue a rebate in accordance with the table below with respect to transaction fees that satisfy all of the following criteria (“Qualifying Transaction Fees”):~~
 - ~~○ customer transaction fees in VX and VU futures;~~
 - ~~○ excluding block trade and regulatory fees;~~
 - ~~○ assessed for contract purchases and sales during a calendar quarter for the designated account(s) of a customer of an FCM participant in the Program with that FCM;~~
 - ~~○ executed during a time period in which both the FCM and the customer are participants in the Program;~~
 - ~~○ subject to the minimum quarterly volume threshold below.~~

- ~~The rebate tiers in the table below apply with respect to the contract volume within the applicable tier.~~

Rebate Tier	Quarterly VX and VU Volume of a Customer Participant	Quarterly Rebate Per Contract
Tier 1	0–19,999	\$1.40
Tier 2	20,000 and above	\$0.40

- ~~Contract purchases and sales for the designated account(s) of a customer of an FCM participant in the Program with that FCM must collectively total at least 3,000 contracts in VX and VU futures during a calendar quarter in order for the customer to remain a Program participant and for rebates to apply with respect to transactions for that customer in that calendar quarter. If this threshold is not met for a calendar quarter, rebates will not apply with respect to transactions for that customer in that calendar quarter and the customer will be removed from the Program. If a customer becomes a Program participant during a calendar quarter after the beginning of the calendar quarter, this threshold will not be applicable for that calendar quarter.~~

- ~~Contract volume for purposes of the Program shall be measured per contract side.~~

~~Market Data External Distribution Fee Waiver~~

- ~~The Exchange will waive the Market Data External Distribution Fee for each participating FCM during the time period in which the FCM is a participant in the Program.~~

Other Provisions

- ~~A customer participant in the Program is required to provide written notification to the Exchange in a form and manner prescribed by the Exchange of the account(s) in which the customer will execute transactions in Exchange products under the Program. The application of rebates with respect to transactions for the account of a customer participant in the Program begins on the date of receipt by the Exchange of written notification of that account as specified above.~~
- ~~Any account identified by a customer for the application of rebates under the Program may not be used by any party other than that customer to execute transactions in Exchange products under the Program. Transactions made by any party other than the participating FCM on behalf of the customer do not qualify for rebates or the satisfaction of the trading volume threshold under the Program in relation to that customer.~~
- ~~A customer participant in the Program and that customer's FCM shall provide any supplemental documentation requested by the Exchange to substantiate that transactions qualify for satisfaction of trading volume thresholds and rebates under the Program. Failure to promptly provide notice of any changes to information provided to the Exchange for purposes of the Program, including account number changes and additions, and supplemental documentation requested by the Exchange may result in ineligibility for the applicable rebates.~~

- ~~• Rebates under the Program are made to the Clearing Member that was originally assessed the transaction fees for the qualifying transactions through the payment of the rebates to that Clearing Member.~~
- ~~• Rebates will be made following the end of the applicable calendar quarter. Rebates accrued but not yet paid prior to the expiration of the Program will be made on this schedule following the expiration of the Program.~~
- ~~• Each FCM participant in the Program will be assessed an administrative fee of:
 - ~~○ \$200 per month for each customer of the FCM that is a participant in the Program which is not a proprietary trading firm and is not affiliated with a proprietary trading firm; and~~
 - ~~○ \$2,000 per month for each customer of the FCM that is a participant in the Program which is a proprietary trading firm or is affiliated with a proprietary trading firm.~~~~
- ~~• During the time period in which an FCM or customer is a participant in the Program, the FCM or customer is not eligible for the application of Day Trade fees for Exchange products under the Program, is not eligible to participate in the New Foreign Trader Incentive Program, and is not eligible to participate in the Foreign Proprietary Trading Firm Incentive Program.~~

Term

~~— The term of the Program shall be from April 1, 2017 through December 31, 2018. The Exchange may determine to allow the Program to expire, extend the term of the Program, or replace or modify the Program at any time.~~

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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-2018-024 in any related correspondence.

Cboe Futures Exchange, LLC

[/s/ Matthew McFarland](#)

By: Matthew McFarland
Managing Director