



November 10, 2021

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-2021-029

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Regulation 40.6(a) 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 update the recordkeeping requirements applicable to Block Trades. Exhibit 1 to this submission sets forth the rule changes included in the Amendment. The Amendment will become effective on November 26, 2021.

CFE Rule 415 (Block Trades) governs Block Trades in CFE products. Rule 415(e) currently requires each CFE Trading Privilege Holder (“TPH”) that is a party to a Block Trade to record certain details regarding the transaction on an order ticket. Those details include (i) the Contract (including the expiration); (ii) the number of contracts traded; (iii) the price of execution or premium; (iv) the time of execution (i.e., the time at which the parties agreed to the Block Trade); (v) the arrangement time, if any (i.e., the time at which the parties agreed to enter into the Block Trade at a later time); (vi) the identity of the counterparty; (vii) that the transaction is a Block Trade; (viii) if applicable, the account number of the customer for which the Block Trade was executed; and (ix) if applicable, the expiration, strike price, and type of option (put or call) in the case of an option.

The Amendment revises Rule 415(e) to limit the application of the Block Trade order ticket requirement to any TPH that acts as an agent for a Block Trade and to no longer apply that requirement to any TPH that is a party to a Block Trade in a principal capacity and not acting in the capacity as an agent. The Amendment also adds a requirement to Rule 415(e) that each TPH involved in any Block Trade either maintain records evidencing compliance with the criteria set forth in Rule 415 or be able to obtain those records from its customer involved in the Block Trade. Finally, consistent with these changes, the Amendment revises a current cross-reference in Rule 415(e) to an order ticket in this context by referring to the order ticket as “any required order ticket” instead of the current description of “the order ticket referred to in the preceding sentence”.

These changes are consistent with comparable provisions included in CFE Rule 414 (Exchange of Contract for Related Position), which governs exchange of contract for related position (“ECRP”) transactions involving CFE products. In particular, Rule 414(g) includes a similar provision to the provision in Rule 415(e) regarding the details of an ECRP transaction that must be recorded on an order ticket and that provision of Rule 414(g) is applicable solely to any TPH that acts as an agent for an

ECRP transaction. Similarly, the new requirement that the Amendment is adding to Rule 415(e) regarding the maintenance of records evidencing compliance with Rule 415 is the same requirement that is included in the first sentence of Rule 414(h) related to ECRP transactions. Accordingly, the Amendment aligns the order ticket requirement applicable to Block Trades with the corollary order ticket requirement applicable to ECRP transactions. Additionally, the Amendment makes clear that any TPH involved in a Block Trade must maintain records of the Block Trade evidencing compliance with the criteria in Rule 415 or be able to obtain those records from its customer involved in the Block Trade. In so doing, the Amendment recognizes that the use of an order ticket is more applicable with respect to an agent involved in a transaction than with respect to a principal involved in a transaction, while at the same time still requiring that any TPH involved in a Block Trade (whether that TPH is an agent or principal) maintain appropriate records relating to the Block Trade.

CFE believes that the Amendment is consistent with the Designated Contract Market (“DCM”) Core Principles under Section 5 of the Act. In particular, CFE believes that the Amendment is consistent with: (i) DCM Core Principle 2 (Compliance with Rules) in that the Amendment requires the maintenance of records that may be utilized by CFE to monitor compliance with CFE rules; (ii) DCM Core Principle 7 (Availability of General Information) because the Amendment sets forth and makes clear to TPHs within CFE rules the recordkeeping requirements that apply with regard to Block Trades; and (iii) DCM Core Principle 10 (Trade Information) in that the Amendment contributes to enhancing CFE’s ability to obtain trade information that CFE may utilize in reviewing whether Block Trades comply with Rule 415.

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://www.cboe.com/us/futures/regulation/rule_filings/cfe/) concurrent with the filing of this submission with the Commission.

Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570. Please reference our submission number CFE-2021-029 in any related correspondence.

Cboe Futures Exchange, LLC

[/s/ Michael Mollet](#)

By: Michael Mollet
Managing Director

EXHIBIT 1

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 Rulebook

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415. Block Trades

(a) - (d) No changes.

(e) Each Trading Privilege Holder that ~~is party to~~ acts as agent for a Block Trade shall record the following details on its order ticket: (i) the Contract (including the expiration); (ii) the number of contracts traded; (iii) the price of execution or premium; (iv) the time of execution (i.e., the time at which the parties agreed to the Block Trade); (v) the arrangement time, if any (i.e., the time at which the parties agreed to enter into the Block Trade at a later time); (vi) the identity of the counterparty; (vii) that the transaction is a Block Trade; (viii) if applicable, the account number of the Customer for which the Block Trade was executed; and (ix) if applicable, the expiration, strike price and type of option (put or call) in the case of an option.

Every Trading Privilege Holder handling, executing, clearing or carrying Block Trades or positions shall identify and mark as such by appropriate symbol or designation all Block Trades or positions and all orders, records and memoranda pertaining thereto.

Each Trading Privilege Holder involved in any Block Trade shall either maintain records evidencing compliance with the criteria set forth in this Rule 415 or be able to obtain such records from its Customer involved in the Block Trade. Upon request by the Exchange and within the time frame designated by the Exchange, any such Trading Privilege Holder shall produce satisfactory evidence, including the any required order ticket ~~referred to in the preceding sentence~~, that the Block Trade meets the requirements set forth in this Rule 415. Each Clearing Member carrying a Customer account for which a Block Trade is executed shall be responsible for obtaining and submitting to the Exchange in a timely and complete manner the records of its Customer regarding the Block Trade.

(f) - (s) No changes.

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