



November 18, 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-2015-031

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 CFE Rule 1202 (Contract Specifications) to provide the CFE Help Desk with the flexibility to act outside of the parameters of the halt provisions applicable to CBOE Volatility Index (“VX”) futures during extended trading hours in order to protect market integrity. The Amendment will become effective on December 3, 2015.

VX futures have regular trading hours from 8:30 a.m.<sup>1</sup> to 3:15 p.m. on Monday through Friday and have extended trading hours from 5:00 p.m. on Sunday to 8:30 a.m. on Monday and from 3:30 p.m. on the previous day to 8:30 a.m. on Tuesday through Friday. Rule 1202(i)(iii) includes provisions to halt trading in VX futures during extended trading hours (other than from 7:00 a.m. to 8:30 a.m.) in the event of specified price movements in the VX futures front contract month. Rule 1202(i)(iv) includes provisions to halt trading in VX futures during extended trading hours if a price limit is triggered in the E-mini S&P 500 Index futures contract traded on Chicago Mercantile Exchange.<sup>2</sup>

CFE is adding Rule 1202(i)(v) to provide that, notwithstanding any provisions of Rule 1202(i)(iii) and Rule 1202(i)(iv), the Help Desk may, in its absolute and sole discretion, take any action it determines necessary to protect market integrity. In relation to the foregoing, Rule 1202(i)(v) also makes clear, for avoidance of doubt, that this authority includes, but is not limited to, modifying or eliminating the price movement parameters in Rule 1202(i)(iii) at any time and/or determining whether to halt or not to halt trading under Rule 1202(i)(iii) and Rule 1202(i)(iv). The senior person in charge of the Help Desk at the applicable time may exercise the authority of the Help Desk under Rule 1202(i)(iv), and the Help Desk will promptly issue an alert

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<sup>1</sup> All times referenced are Chicago time.

<sup>2</sup> The Amendment adds a provision to clarify that references to the E-mini futures contract in Rule 1202(i) mean the primary E-mini futures contract.

with respect to actions taken pursuant to this Rule 1202(i)(v). The provisions of Rule 1202(v) are substantially similar to the rule provisions of other designated contract markets.<sup>3</sup>

The Amendment makes clear that the Help Desk may act to protect market integrity, such as by determining not to halt trading in VX futures during extended trading hours if doing so would not be in the interest of a fair and orderly market. For example, determining not to halt trading in VX futures during extended trading hours may be appropriate, even if parameters under Rule 1202(i)(iii) or Rule 1202(i)(iv) have been triggered, if trading in VX futures is fair and orderly under the circumstances or in light of the potential disruptive impact to the market of halting trading.

CFE believes that the Amendment is consistent with Designated Contract Market Core Principles 4 (Prevention of Market Disruption), 7 (Availability of General Information), and 9 (Execution of Transactions) under Section 5 of the Act in that Rule 1202(i)(v) contributes to reducing the potential risk of market disruptions, provides for the issuance of an alert by the Help Desk when action is taken under the Rule, and enhances the ability of the Exchange to facilitate price discovery and an efficient, fair, and orderly market.

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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#### **CFE Rule 1202. Contract Specifications**

(a) - (h) No changes.

(i) *Price Limits and Halts.*

(i) *No Price Limits.* Pursuant to Rule 413, VX futures contracts are not subject to price limits.

(ii) *Circuit Breaker Halts.* Trading in VX futures contracts shall be halted pursuant to Rule 417A if there is a Level 1, 2 or 3 Market Decline.

(iii) *Halts Due to VX Futures Price Movements During Extended Trading Hours.*

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<sup>3</sup> See Rule 589 of Chicago Mercantile Exchange, Inc., The Board of Trade of the City of Chicago, Inc., New York Mercantile Exchange, Inc., and Commodity Exchange, Inc.

Trading in VX futures will be halted for 15 minutes if during VX futures extended trading hours, except from 7:00 a.m. to 8:30 a.m. Chicago time on a regular trading day:

(A) the best bid in the VX futures front contract month is 5 or more index points above the daily settlement price of that contract month on the prior Business Day;  
or

(B) the best offer in the VX futures front contract month is 5 or more index points below the daily settlement price of that contract month on the prior Business Day.

After trading commences following such a halt, trading in VX futures will be halted for 15 minutes, except from 7:00 a.m. to 8:30 a.m. Chicago time on a regular trading day if:

(A) the best bid in the VX futures front contract month is 8 or more index points above the daily settlement price of that contract month on the prior Business Day;  
or

(B) the best offer in the VX futures front contract month is 8 or more index points below the daily settlement price of that contract month on the prior Business Day.

The Exchange shall commence a trading halt in VX futures pursuant to the provisions of this Rule 1202(i)(iii) as soon as practicable following the occurrence of one of the triggering events set forth above and there may be time between the occurrence of a triggering event and the commencement of the trading halt.

Nothing in this Rule 1202(i)(iii) shall be construed to limit the ability of the Exchange to extend the time period of a halt pursuant to this Rule 1202(i)(iii) or to halt trading in VX futures during the foregoing time period pursuant to any other Exchange rule or policy.

This Rule 1202(i)(iii) shall not apply from 7:00 a.m. Chicago time to 8:30 a.m. Chicago time during VX futures extended trading hours (other than on the calendar day of a holiday) or during VX futures regular trading hours.

If the provisions of Rule 1202(i)(iv) become applicable on a Business Day due to the triggering of a price limit in the E-mini S&P 500 Index (“E-mini”) futures contract traded on Chicago Mercantile Exchange (“CME”), this Rule 1202(i)(iii) shall no longer be applicable on that Business Day following the time at which Rule 1202(i)(iv) first becomes applicable on that Business Day.

References to the VX futures front contract month in this Rule 1202(i) shall mean the VX future with the nearest expiration that has a “VX” ticker symbol that is not followed by a number denoting the specific week of a calendar year.

(iv) *Halts Due to E-mini<sup>®</sup>\* Price Limits During Extended Trading Hours*

Trading in VX futures will be halted if a price limit is triggered in the E-mini futures contract traded on CME during VX futures extended trading hours. Following the initiation of such a VX futures trading halt, the Exchange may resume trading in VX futures during VX futures extended trading hours if the E-mini futures contract is no longer limit offered, limit bid or halted as a result of triggering a price limit or the Exchange determines that trading in VX futures may resume consistent with the maintenance of a fair and orderly market.

If trading in VX futures resumes and the E-mini futures contract moves from and then back to a limit or halt state as a result of triggering a price limit during VX futures extended trading hours, the process set forth in the preceding paragraph shall be repeated.

The Exchange shall commence a trading halt in VX futures pursuant to the provisions of this Rule 1202(i)(iv) as soon as practicable following the triggering of a price limit in the E-mini futures contract, and there may be time between the triggering of the E-mini price limit and the commencement of the VX futures trading halt.

If the E-mini futures contract is limit offered, limit bid or halted as a result of triggering a price limit at the time that the Exchange is scheduled to commence extended trading hours in VX futures, the Exchange may commence trading in VX futures during that session if the Exchange determines that trading in VX futures may commence consistent with the maintenance of a fair and orderly market.

Nothing in this Rule 1202(i)(iv) shall be construed to limit the ability of the Exchange to halt trading in VX futures during VX futures extended trading hours pursuant to any other Exchange rule or policy.

This Rule 1202(i)(iv) shall not apply during VX futures regular trading hours.

References to the E-mini futures contract in this Rule 1202(i) shall mean the primary E-mini futures contract.

\*E-Mini<sup>®</sup> is a registered trademark of Chicago Mercantile Exchange, Inc. The Exchange and VX futures are not affiliated with, and have not been authorized, sponsored, or otherwise approved by, Chicago Mercantile Exchange, Inc.

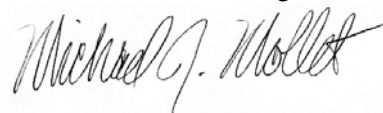
(v) Notwithstanding any provisions of Rule 1202(i)(iii) and Rule 1202(i)(iv), the Help Desk may, in its absolute and sole discretion, take any action it determines necessary to protect market integrity. For avoidance of doubt, this authority includes, but is not limited to, modifying or eliminating the price movement parameters in Rule 1202(i)(iii) at any time and/or determining whether to halt or not to halt trading under Rule 1202(i)(iii) and Rule 1202(i)(iv). The senior person in charge of the Help Desk may exercise the authority of the Help Desk under this Rule 1202(i)(v). The Help Desk will promptly issue an alert with respect to actions taken pursuant to this Rule 1202(i)(v).

(j) - (s) No changes.

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Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 or Jenny Golding at (312) 786-7466. Please reference our submission number CFE-2015-031 in any related correspondence.

CBOE Futures Exchange, LLC



By: Michael J. Mollet  
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