



December 2, 2014

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-2014-032

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” or “Exchange”) hereby submits an amendment (“Amendment”) to CFE Policy and Procedure IX, which sets forth CFE’s Volatility Index Security Futures Lead Market Maker (“LMM”) Program (“LMM Program”). The Amendment will become effective on December 16, 2014.

The Amendment extends the LMM Program and the LMM appointments under the LMM Program for an additional year until December 31, 2015 and also extends the time period during which CFE will maintain a revenue pool as a benefit to LMMs under the LMM Program until December 31, 2015. As was the case previously, CFE may subsequently determine to extend the term of the LMM Program and lead market maker appointments under the LMM Program, allow the LMM Program and lead market maker appointments under the LMM Program to expire, terminate the LMM Program and all lead market maker appointment under the LMM Program at any time, or replace the LMM Program with a different lead market maker program at any time.

The Amendment also makes two other minor changes to the description of the LMM Program. First, the Amendment makes clear that the revenue pools for the LMMs under the LMM Program do not include a percentage of regulatory fees. CFE assesses a Regulatory Fee for each transaction on CFE per contract side to offset expenses associated with CFE’s regulatory functions, and these fees are not treated as transaction fees for purposes of the LMM Program revenue pools. Second, the Amendment simplifies which LMM transactions are counted for purposes of determining the percentage of a revenue pool that is allocated to each LMM when there are multiple LMMs in a product. Specifically, the allocation will be based on contract volume from transactions in the product resulting from the LMM’s quotes and proprietary orders in the product.

CFE believes that the Amendment is consistent with DCM Core Principles 7 (Availability of General Information) and 9 (Execution of Transactions) under Section 5 of the Act. The Amendment sets forth in a clear and transparent manner the provisions of its LMM

Program. Additionally, the Exchange believes that the LMM Program has a positive impact on the price discovery process by fostering improved liquidity, market width and size, and volume in products traded on CFE's centralized market for which there are LMMs appointed and incentivizes LMMs to devote their efforts to enhancing market quality.

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 Jenny Golding at (312) 786-7466. Please reference our submission number CFE-2014-032 in any related correspondence.

CBOE Futures Exchange, LLC

A handwritten signature in black ink, appearing to read "James F. Lubin". The signature is written in a cursive style with a large initial "J" and "L".

By: James F. Lubin
Senior Managing Director

CBOE Futures Exchange, LLC Policies and Procedures

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Policy and Procedure IX. Volatility Index Security Futures Lead Market Maker Program

Trading Privilege Holders ("TPHs") may apply to the Exchange for appointment as a lead market maker in a Volatility Index security futures contract. The specific Volatility Indexes on which the Exchange may list security futures are identified in CFE Rule 1601. This Volatility Index Lead Market Maker Program is in addition to the Security Futures Market Maker Program under CFE Policy and Procedure VII, and any lead market maker under the Volatility Index Lead Market Maker Program must also be a market maker under the Security Futures Market Maker Program.

The Exchange may approve one or more TPHs as lead market makers in the Volatility Index Lead Market Maker Program for one or more Volatility Index security futures contracts. Any TPH that desires to apply for lead market maker status in a Volatility Index security futures contract 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 a lead market maker 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 CFE Rule 515(b), as applied to lead market maker applicants instead of with respect to DPM applicants.

The following describes the qualifications, market performance benchmarks, benefits, and appointment term under the Volatility Index Security Futures Lead Market Maker Program unless otherwise specified.

Qualifications

- Experience in trading futures and/or options on volatility indexes.
- Ability to automatically and systemically provide quotations.

Market Performance Benchmark

- Throughout the trading day between 8:30 a.m. and 3:00 p.m. (or 3:15 p.m., as applicable), the TPH shall provide at least 95% of the time a 2-sided quote for a minimum of 50 contracts within a maximum width of \$0.20 in all contract months in the applicable Volatility Index security futures contract.
- The above market performance benchmark shall be subject to relief in the event of a fast market in the applicable Volatility Index security futures contract or the component options of the Volatility Index traded on CBOE or other extenuating circumstances or unusual market conditions to be determined solely by the Exchange. Under conditions as specified in the foregoing sentence, the TPH shall use commercially reasonable efforts to provide a continuous quote and to respond to requests for a quote.

The Exchange may terminate, place conditions upon, or otherwise limit a TPH's appointment as a lead market maker under the Program if the TPH fails to satisfy the market performance benchmarks under the Program. However, failure of a TPH to satisfy the market performance benchmarks under the Program shall not be deemed a violation of Exchange rules.

Benefits

- Through December 31, [2014] 2015, the Exchange will maintain a revenue pool for each Volatility Index security futures contract equal to 20% of all transaction fees (excluding regulatory fees) collected by the Exchange in that contract for TPHs appointed as lead market makers under the Program in that contract. The revenue pool will be allocated quarterly to TPHs appointed as lead market makers under the Program in the applicable Volatility Index security futures contract on a pro-rata basis based on the contract volume in that contract of those TPHs during the prior quarter resulting from quotes and [resting] proprietary orders provided by those TPHs. Payment to TPHs appointed as lead market makers will be made following the end of the calendar quarter. [For purposes of the Program, a resting order is any order received by the CBOE System at least 3 seconds before its execution.]

Term

- The Program and each lead market maker appointment under the Program will expire on December 31, [2014] 2015. The Exchange may determine to extend the term of the Program and lead market maker appointments under the Program, allow the Program and lead market maker appointments under the Program to expire, terminate the Program and all lead market maker appointments under the Program at any time, or replace the Program with a different lead market maker program at any time.

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