December 9, 2014

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-2014-033

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 ("Commission") under the Act, CBOE Futures Exchange, LLC ("CFE" or "Exchange") hereby submits a CFE rule amendment ("Amendment") to replace the DPM Market Performance Benchmarks Program in the CBOE Short-Term Volatility Index ("VXST") futures contract with a VXST Futures Lead Market Maker Program ("Program"). The Amendment will become effective on January 1, 2015. The Program expires on December 31, 2016, unless the Program is extended by the Exchange through a subsequent rule amendment submission to the Commission.

VXST futures are currently included under CFE's Market Performance Benchmarks Program set forth in CFE Policy and Procedure X of the Policies and Procedures section of the CFE Rulebook. CFE Rule 1304 and Policy and Procedure X provide for a designated primary market maker ("DPM") to be appointed for VXST futures and for that DPM to be subject to market performance benchmarks and to receive a 15% revenue share, as further described in those provisions. CFE believes that allowing for the appointment of more than one dedicated liquidity provider in VXST futures will contribute to improving the liquidity, market width and size, and volume in that product. Accordingly, the Amendment deletes Rule 1304, amends Policy and Procedure X to remove VXST futures from the DPM Market Performance Benchmarks Program, and establishes a VXST Futures Lead Market Maker Program in new CFE Policy and Procedure XV. In contrast to the current provisions, the new Program allows for the appointment of up to three lead market makers ("LMMs") in VXST futures. Similar to the current structure, the Program provides for market performance benchmarks applicable to the LMMs and provides for a 20% revenue share to attract and retain dedicated LMM liquidity providers in the product. The revenue share is similar to the current revenue share, except that it has been increased by 5% since it will now be shared and that it will be allocated pro-rata among the LMMs based on their contract volume in VXST futures.

CFE believes that the Amendment is consistent with Core Principle 9 (Execution of Transactions) under Section 5 of the Act. The Exchange believes that the Program will have a positive impact on the price discovery process by fostering improved liquidity, market width and size, and volume in VXST futures traded on CFE's centralized market and will incentivize

LMMs to devote their efforts to enhancing market quality in VXST futures. Accordingly, 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, marked to show additions in <u>underlined</u> 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 1304. DPM Provisions**

(a)   *DPM Appointment.* A Trading Privilege Holder will be appointed to act as a DPM for the VXST futures contract pursuant to Rule 515.

(b)   DPM Participation Right. There is no DPM participation right under Rule 406(b)(iii) for VXST futures.]

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CBOE Futures Exchange, LLC
Policies and Procedures

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X.   DPM Market Performance Benchmarks Program

Each DPM that is allocated a Contract as a DPM shall comply with the general and product specific DPM market performance benchmarks set forth below and shall receive the DPM participation right set forth in the rules governing the relevant Contract. In addition, if product specific DPM benefits are set forth below with respect to a particular Contract, the DPM that is allocated that Contract shall receive those benefits.

The Exchange may terminate, place conditions upon or otherwise limit a Trading Privilege Holder's approval to act as a DPM or a DPM's allocation of Contracts in accordance with Rule 515 if the DPM fails to satisfy the market performance benchmarks under this Policy and Procedure. However, failure by a DPM to satisfy the market performance benchmarks under this Policy and Procedure shall not be deemed a violation of Exchange rules.

The DPM Market Performance Benchmarks Program under this Policy and Procedure will expire on December 31, 2014. The Exchange may determine to extend the term of the Program, allow the Program to expire, terminate the Program at any time, or replace the Program with a different program at any time.

General DPM Market Performance Benchmarks

- On each trading day between 8:30 a.m. and 3:15 p.m. ("Regular Trading Hours"), each DPM shall hold itself out as being willing to buy and sell each allocated Contract for the DPM's own account on a regular basis.

- Subject to regulatory obligations and requirements and best execution obligations to customers, the firm will work with the Exchange to develop a significant amount of order flow in its allocated Contracts.

- Each DPM shall maintain records sufficient to demonstrate compliance with the Market Performance Benchmarks set forth in this Policy and Procedure that are applicable to that DPM.

Product Specific DPM Market Performance Benchmarks

S&P 500 Variance Futures

- Throughout the trading day during Regular Trading Hours, the DPM shall use commercially reasonable efforts to provide continuous two-way quotes in S&P 500 Variance futures contract months as set forth in the table below.

Continuous Two-Way Quote	
Months to Maturity	Maximum Quote Width
0 - 1	300 basis points
2-3	150 basis points
4-9	100 basis points
10-18	125 basis points
Over 18	150 basis points

- The above maximum quote width market performance benchmarks shall not apply during the expiration week of an S&P 500 Variance futures contract.

- The above market performance benchmarks shall be subject to relief in the event of a fast market in S&P 500 Variance futures or SPX options 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 DPM shall use commercially reasonable efforts to provide a continuous quote and to respond to requests for a quote.

CBOE Russell 2000 Volatility Index ("RVX") Futures

- Throughout the trading day during Regular Trading Hours, the DPM shall provide at least 95% of the time in each RVX futures contract with 9 months or less until expiration three

two-way minimum quotes with minimum quote sizes and maximum quote widths as set forth in the table below.

First Continuous Two-Way Quote	
Minimum Quote Size	Maximum Quote Width Calculated as a Percentage of Offer Price
5 x 5	2%
Second Continuous Two-Way Quote	
Minimum Quote Size	Maximum Quote Width Calculated as a Percentage of Offer Price
10 x 10	5%
Third Continuous Two-Way Quote	
Minimum Quote Size	Maximum Quote Width Calculated as a Percentage of Offer Price
20 x 20	10%

- The DPM shall provide a two-way quote during Regular Trading Hours in response to a request from the Exchange that the DPM post a market for an RVX future or futures.

- The above market performance benchmarks shall be subject to relief in the event of a fast market in RVX futures or Russell 2000 ("RUT") options 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 DPM shall use commercially reasonably efforts during Regular Trading Hours to provide a continuous quote and to respond to requests for a quote from the Exchange.
- The DPM may satisfy above market performance benchmarks relating to the provision of quotes through the equivalent provision of orders instead of quotes.

[**CBOE Short-Term Volatility Index ("VXST") Futures**

- Throughout the trading day during Regular Trading Hours, the DPM shall provide a competitive and continuous two-way market in each VXST futures contract.

- The DPM shall provide a competitive two-way market during Regular Trading Hours in response to a request from the Exchange that the DPM post a market for a VXST future or futures.

- The above market performance benchmarks shall be subject to relief in the event of a fast market in VXST futures or options on the S&P 500 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 DPM shall use commercially reasonably efforts during Regular Trading Hours to provide a continuous market and to respond to requests for a market from the Exchange.]

Product Specific DPM Benefits

S&P 500 Variance Futures

- For each calendar quarter (including any partial calendar quarter) during which a Trading Privilege Holder acts as the DPM for S&P 500 Variance futures, the Exchange will maintain a DPM Revenue Pool for the DPM for that quarter.

- The percentage of transaction fees collected by the Exchange for transactions in S&P 500 Variance futures that will be included in the DPM Revenue Pool for a calendar quarter will be based upon the average daily contract volume in S&P 500 Variance futures, measured in "vega notional" amounts, traded on the Exchange during that quarter, as set forth in the table below. Each percentage in the table shall be applicable with respect to that portion of the average daily contract volume that is within the applicable volume range.

Average Daily "Vega Notional" Contract Volume During Calendar Quarter	Percentage of Transaction Fees Included in DPM Revenue Pool
0 – 5,000,000	30%
5,000,001 – 10,000,000	20%
10,000,001 – 20,000,000	15%
20,000,001 – 50,000,000	11.7%
50,000,001 or greater	8%

- For example, if the average daily contract volume during a calendar quarter is 15,000,000 vega notional, 30% of the transaction fees attributable to the volume between 0 vega notional and 5,000,000 vega notional would be included in the DPM Revenue Pool, 20% of the transaction fees attributable to the volume between 5,000,001 vega notional and 10,000,000 vega notional would be included in the DPM Revenue Pool, and 15% of the transaction fees attributable to the volume between 10,000,001 vega notional and 15,000,000 vega notional would be included in the DPM Revenue Pool.

- Payment to the DPM from the DPM Revenue Pool for a calendar quarter will be made following the end of the calendar quarter.

RVX Futures

- Beginning January 1, 2014, for each calendar quarter (including any partial calendar quarter) during which a Trading Privilege Holder acts as the DPM for RVX futures, the Exchange will maintain a DPM Revenue Pool for the DPM for that quarter equal to 15% of all transaction fees collected by the Exchange for transactions in RVX futures.

- Payment to the DPM from the DPM Revenue Pool for a calendar quarter will be made following the end of the calendar quarter.

[**VXST Futures**

- For each calendar quarter (including any partial calendar quarter) during which a Trading Privilege Holder acts as the DPM for VXST futures, the Exchange will maintain a DPM Revenue Pool for the DPM for that quarter equal to 15% of the difference between the total transaction fees collected by the Exchange for transactions in VXST futures and any license fees paid by the Exchange or an Exchange affiliate with respect to those transactions.

- Payment to the DPM from the DPM Revenue Pool for a calendar quarter will be made following the end of the calendar quarter.]

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XV.   CBOE Short-Term Volatility Index Futures Lead Market Maker Program

Trading Privilege Holder ("TPH") organizations may apply to the Exchange for appointment as a lead market maker ("LMM") in the CBOE Short-Term Volatility Index ("VXST") Futures Lead Market Maker Program ("Program").

The Exchange may approve up to three TPHs as lead market makers in the Program. Any TPH that desires to apply for LMM status in the Program 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 an LMM 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 LMM applicants instead of with respect to DPM applicants.

The following describes the qualifications, market performance benchmarks, benefit, and appointment term under the Program unless otherwise specified.

Qualifications

- Experience in trading futures and/or options on volatility indexes.

- Ability to automatically and systemically provide quotations.

Market Performance Benchmarks

- Throughout the trading day between 8:30 a.m. and 3:15 p.m. (Chicago time), each LMM in the Program shall provide at least 95% of the time a 2-sided quote for a minimum of 5 contracts within a maximum width of $0.20 in all contract months.

- The above market performance benchmark shall be subject to relief in the event of a fast market in VXST futures or options on the S&P 500 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, each LMM in the Program shall use commercially reasonable efforts to provide a continuous quote and to respond to requests for a quote from the Exchange.

- Each LMM may satisfy the above market performance benchmarks relating to the provision of quotes through the equivalent provision of orders instead of quotes.

- The Exchange may terminate, place conditions upon, or otherwise limit a TPH's appointment as an LMM 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.

Benefit

- For each calendar quarter (including any partial calendar quarter) during which one or more TPHs act as an LMM for VXST futures under the Program, the Exchange will maintain a revenue pool for those TPHs. The revenue pool will be equal to 20% of the difference between the total transaction fees (excluding regulatory fees) collected by the Exchange for transactions in VXST futures during that quarter and any license fees paid by the Exchange or an Exchange affiliate with respect to those transactions. The revenue pool will be allocated on a pro-rata basis to the TPHs that acted as an LMM for VXST futures during that quarter based on the contract volume of those TPHs in VXST futures during that quarter resulting from quotes and proprietary orders provided by those LMMs. Payment from the revenue pool for a quarter will be made to the LMMs following the end of that quarter.

Term

- The Program and each LMM appointment under the Program will expire on December 31, 2016. The Exchange may determine to extend the term of the Program and LMM appointments under the Program, allow the Program and LMM appointments under the Program to expire, terminate the Program and all LMM appointments under the Program at any time, or replace the Program with a different LMM program at any time.

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Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 or Eric Seinsheimer at (312) 786-8740. Please reference our submission number CFE-2014-033 in any related correspondence.

CBOE Futures Exchange, LLC

By: James F. Lubin
        Senior Managing Director