



December 9, 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-2021-035

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Regulation 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 extend CFE’s DPM Market Performance Benchmarks Program (“DPM Program”). The Amendment is set forth in a segregated confidential Appendix A to this submission. The Amendment will become effective on January 1, 2022.

CFE Rule 515 allows CFE to appoint designated primary market makers (“DPMs”) and to allocate a CFE contract to a DPM for that contract. The amended DPM Program includes product specific market performance benchmarks that a DPM which has been allocated a CFE contract must satisfy in order to receive specified benefits under the amended DPM Program. The market performance benchmarks include parameters with respect to minimum two-sided quote size and maximum quote width. Each DPM must designate in advance to the Exchange a single executing firm ID (“EFID”) for each product allocated to the DPM through which the DPM will provide orders and/or quotes to satisfy the market performance benchmarks for that product (“LMM Program EFID”). The benefits under the amended DPM Program are intended to attract and retain a DPM for each contract covered by the amended DPM Program. The only CFE contract currently covered by the amended DPM Program is S&P 500 Variance (“VA”) futures. Exhibit 1 to this submission includes a description of the amended DPM Program which CFE will include in Policy and Procedure X of the Policies and Procedures Section of the CFE Rulebook. The Exchange believes that the market performance benchmarks and associated benefits under the amended DPM Program strike the appropriate balance to incentivize and retain a DPM in VA futures.

The amended DPM Program expires on December 31, 2022, unless the DPM Program is extended by the Exchange. CFE may determine to extend the term of the amended DPM Program, allow the amended DPM Program to expire, terminate the amended DPM Program at any time, or amend or replace the amended DPM Program with a different market maker program at any time. Any of these actions, other than allowing the amended DPM Program to expire, would be done through a subsequent rule amendment submission to the Commission.

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 DCM Core Principles 2 (Compliance with Rules), 4 (Prevention of Market Disruption), 9 (Execution of Transactions), and 12 (Protection of Markets and Market Participants). CFE notes in this regard that: Each DPM Program participant is obligated by CFE Rule 308 (Consent to Exchange Jurisdiction) to comply with Exchange rules. Each DPM Program participant is also required under the terms of the amended DPM Program to utilize Exchange match trade prevention functionality under CFE Rule 406B (Match Trade Prevention) with respect to trading in an allocated product through its DPM Program EFID for that product. Exchange rules include prohibitions against fraudulent, non-competitive, unfair, and abusive trading practices, and the Exchange monitors trading in CFE contracts for violative activity such as wash trading, manipulative trading, and market abuse. The Exchange believes that the amended DPM 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 is a DPM appointed and incentivizes a DPM to devote its efforts to enhancing market quality. Enhanced market quality benefits all participants in these products. 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 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/](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-2021-035 in any related correspondence.

Cboe Futures Exchange, LLC

[/s/ Michael Mollet](#)

By: Michael Mollet  
Managing Director

## EXHIBIT 1

(Additions are shown in underlined text and deletions are shown in ~~stricken~~ text)

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

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#### **X. DPM Market Performance Benchmarks Program**

Each DPM that is allocated a Contract as a DPM shall comply with the requirements and product specific DPM market performance benchmarks set forth below. In addition, if product specific DPM benefits are set forth below with respect to a particular Contract and if a DPM participation right is provided for in the rules governing the relevant Contract, the DPM that is allocated that Contract shall receive the applicable 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. For example, the Exchange may reduce a monthly benefit to a DPM under this Policy and Procedure through a proration that takes into consideration the extent to which the DPM does not satisfy the applicable market performance benchmarks during the applicable calendar month. 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 ("Program") under this Policy and Procedure will expire on December 31, ~~2021~~ 2022. The Exchange may determine to extend the term of the Program, allow the Program to expire, terminate the Program at any time, or amend or replace the Program with a different program at any time.

#### **Requirements**

- Each DPM shall identify in advance to the Exchange a single EFID for each product allocated to the DPM through which the DPM will provide Orders to satisfy the market performance benchmarks applicable to the DPM for that product under this Policy and Procedure ("DPM Program EFID"). The DPM Program EFID designated by a DPM must be an EFID assigned to the DPM and may not be an EFID of another Trading Privilege Holder.
- Each DPM is required to utilize Exchange match trade prevention functionality under Rule 406B with respect to trading in allocated product through its DPM Program EFID for that product.

#### **Product Specific DPM Market Performance Benchmarks**

##### **S&P 500 Variance Futures**

- The DPM shall provide Orders in S&P 500 Variance futures in conformity with specified criteria relating to minimum two-sided quote size and maximum quote width.

## **Product Specific DPM Benefits**

### **S&P 500 Variance Futures**

- The DPM is eligible to receive specified benefits in connection with acting as the DPM in S&P 500 Variance futures under the Program.

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