



December 10, 2018

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-2018-033

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 amend CFE Policy and Procedure VI (“P&P VI”). P&P VI is included in the Policies and Procedures Section of the CFE Rulebook and sets forth CFE’s Trading Privilege Holder Permit Program (“TPH Program”). The Amendment will become effective on January 1, 2019.

The Amendment makes the following changes to P&P VI:

- CFE is deleting a reference in P&P VI to applicants for CFE trading privileges that are trading permit holders of Cboe Exchange, Inc. (“Cboe Options”), a securities exchange affiliate of CFE. CFE no longer differentiates between applicants for CFE trading privileges that are Cboe Options trading permit holders and those that are not so there is no longer any need to specifically reference applicants that are Cboe Options trading permit holders in P&P VI.
- As is currently the case, the Amendment makes clear that a CFE Trading Privilege Holder (“TPH”) is entitled to obtain a single CFE trading permit (“TPH Permit”).
- CFE currently assesses TPH Permit fees to TPHs based on the capacity or capacities of a TPH on the Exchange. CFE is amending P&P VI to add a description of each of these capacities solely for the purpose of assessment of CFE fees for TPH Permits. The TPH capacities for the purpose of assessment of TPH Permit fees include Clearing Firm, Broker, Proprietary Trading, and Pool Manager/Pooled Investment Vehicle. As is currently set forth in P&P VI, all CFE fees applicable to TPHs (including TPH Permit fees) as well as all other CFE fees are set forth in a separate CFE fee schedule. CFE is also submitting a separate CFE rule certification to the Commission to incorporate these capacity descriptions into the CFE

Fee Schedule.<sup>1</sup> CFE currently utilizes these same capacities for the purpose of assessment of TPH Permit fees but with slightly different terminology. The inclusion of descriptions of these capacities in P&P VI and the CFE Fee Schedule will provide additional information to TPHs in CFE’s rules regarding the scope of each of these capacities.

- The TPH Permits under the TPH Program currently expire of December 31, 2018. The Amendment extends the term of the TPH Permits for an additional year so that all TPH Permits issued under the TPH Program will now expire on December 31, 2019, unless a TPH notifies the Exchange in a form and manner and within the applicable period prescribed by the Exchange that the TPH would like to have an existing TPH Permit expire on December 31, 2018 or on another date during 2019. As is currently the case, CFE may subsequently determine to further extend the term of TPH Permits issued under the TPH Program or replace the TPH Program with a different permit program at any time through a subsequent rule amendment submission to the Commission.

CFE believes that the Amendment is consistent with Designated Contract Market Core Principles 2 (Compliance with Rules) and 7 (Availability of General Information) under Section 5 of the Act because the Amendment provides for fair and non-discriminatory access requirements, sets forth the provisions of CFE’s TPH Program in a clear and transparent way, and includes additional information in CFE’s rules regarding the scope of the TPH capacities for purposes of assessment of TPH Permit fees.

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**  
**Policies and Procedures Section of Rulebook**

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**VI. Trading Privilege Holder Permit Program**

Any Person that desires to become a Trading Privilege Holder is required to obtain a Trading Privilege Holder permit (“TPH Permit”).

Initially, the Exchange will make available 2,500 TPH Permits. The Exchange may subsequently make available additional TPH Permits if the initial supply of 2,500 TPH

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<sup>1</sup> See CFE Rule Certification Submission Number CFE-2018-032 dated December 10, 2018.

Permits is exhausted.

A TPH [Permits] Permit may be obtained by any Person that [is a trading permit holder of Cboe Options with Cboe Options trading privileges and any other Person that] satisfies the requirements set forth in Rule 304(a).

Each Person desiring to obtain a TPH Permit must submit an application to the Exchange in a form and manner prescribed by the Exchange pursuant to Rule 305 and become approved by the Exchange as a Trading Privilege Holder. Each Trading Privilege Holder may permit one or more individuals to act as its Authorized Traders pursuant to Rule 303.

Any organization that desires to become a Clearing Member of the Exchange is required to become a Trading Privilege Holder and to obtain a TPH Permit. Additionally, in order to be an Exchange Clearing Member, an organization is required to be a member of the Clearing Corporation that is authorized under the rules of the Clearing Corporation to clear trades in Contracts traded on the Exchange.

Each TPH Permit provides a Trading Privilege Holder with Trading Privilege Holder status and entitles a Trading Privilege Holder to Trading Privileges on the Exchange. Trading Privilege Holders may obtain TPH Permits from the Exchange in a form and manner prescribed by the Exchange.

A Trading Privilege Holder shall be entitled to obtain a single TPH Permit.

The Exchange may assess a fee or fees to a Trading Privilege Holder for a TPH Permit based on the capacity or capacities of the Trading Privilege Holder on the Exchange. The following capacities have the following meanings solely for the purpose of assessment of Exchange fees for TPH Permits:

- Clearing Firm: A Trading Privilege Holder has a Clearing Firm capacity if the Trading Privilege Holder (i) is a member of the Clearing Corporation that is authorized under the rules of the Clearing Corporation to clear trades in Contracts traded on the Exchange and (ii) guarantees and/or clears transactions on the Exchange executed by the Trading Privilege Holder itself and/or one or more other Trading Privilege Holder(s). If a Clearing Member executes transactions on the Exchange as agent for one or more other Person(s), the Clearing Member shall also be deemed to have a Broker capacity. If a Clearing Member executes transactions on the Exchange for its own account, the Clearing Member shall also be deemed to have a Proprietary Trading capacity.
- Broker: A Trading Privilege Holder has a Broker capacity if the Trading Privilege Holder executes transactions on the Exchange as agent for one or more other Person(s). If a Trading Privilege Holder with a Broker capacity executes transactions on the Exchange for the Trading Privilege Holder's own account, the Trading Privilege Holder shall also be deemed to have a Proprietary Trading capacity. If a Trading Privilege Holder has a Proprietary Trading capacity and the only other Person(s) for which the Trading Privilege Holder executes transactions on the Exchange as agent are affiliates of the Trading Privilege Holder, the Trading Privilege Holder shall not be deemed to have a Broker capacity for this purpose.
- Proprietary Trading: A Trading Privilege Holder has a Proprietary Trading capacity

if the Trading Privilege Holder executes transactions on the Exchange for the Trading Privilege Holder's own account.

- Pool Manager/Pooled Investment Vehicle ("Pool"): These capacities have the meanings set forth in Rule 305A.

A Pool Manager may obtain a single TPH Permit for the Pool Manager and all of the Pools approved under Rule 305A for which it acts as Pool Manager. If there is more than one Pool Manager for a Pool or Pools, the Pool Managers for the Pool(s) may obtain a single Trading Permit for the Pool Managers and all of the Pools approved under Rule 305A for which they act as Pool Manager. Pool Managers and Pools must have a separate EFID or EFIDs for trading on the Exchange involving each distinct combination of Pool Manager and clearing number for that trading. A Pool Manager may utilize any of these EFIDs for trading involving a Pool or multiple Pools approved under Rule 305A for which it acts as Pool Manager.

TPH Permit holders shall have all of the rights and obligations of Trading Privilege Holders under the Rules of the Exchange except to the extent otherwise provided under this Policy and the Rules of the Exchange.

Any recipient of a TPH Permit as permitted by Rule 302 is required to provide the Exchange with the appropriate application materials and to be approved as a Trading Privilege Holder pursuant to Rule 305 before the recipient will be permitted to act as a Trading Privilege Holder.

A TPH Permit is non-transferable, non-assignable and may not be sold or leased, except that a Trading Privilege Holder may, with the prior written consent of the Exchange, transfer a TPH Permit to a Trading Privilege Holder organization or organization approved to be a Trading Privilege Holder: (i) which is an Affiliate; or (ii) which continues substantially the same business without regard to the form of the transaction used to achieve such continuation, e.g., merger, sale of substantially all assets, reincorporation, reorganization or the like.

[All Order Entry Trading Permits and Quoting and Order Entry Trading Permits issued for use prior to the migration of the CFE System to Bats technology shall expire upon the completion of the migration. Each Trading Privilege Holder that has one or more Order Entry Trading Permits and Quoting and Order Entry Trading Permits at the time of the migration shall be issued, in a form and manner prescribed by the Exchange, a single TPH permit for use following the migration.] The term of each TPH [permit] Permit that is issued [for use following the migration and that is] and outstanding at the end of 2018 shall [expire on] be automatically extended until December 31, 2019 unless the TPH Permit holder notifies the Exchange in a form and manner and within the applicable time period prescribed by the Exchange that the TPH Permit holder would like to have the TPH Permit expire on December 31, 2018 or on another date during 2019. All TPH Permits issued and outstanding at the end of 2019 shall expire on December 31, 2019. The Exchange may determine to extend the term of these TPH permits or allow these TPH permits to expire. The Exchange may also replace the TPH Permit program with a different permit program at any time.

The issuance of a TPH permit does not include the issuance of a port or EFID. A Trading Privilege Holder must separately obtain in a form and manner prescribed by the Exchange any ports or EFIDs that the Trading Privilege Holder desires to obtain.

All Exchange fees applicable to TPH Permit holders and all other Exchange fees will be as set forth in a separate Exchange fee schedule.

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Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 or Nicole Gordon at (312) 786-8109. Please reference our submission number CFE-2018-033 in any related correspondence.

Cboe Futures Exchange, LLC

[/s/ Matthew McFarland](#)

By: Matthew McFarland  
Managing Director