CBOE FUTURES EXCHANGE EXECUTE SUCCESS℠

December 31, 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-2014-036

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 a clarifying amendment (Amendment) to one section of the product specifications for the CBOE/CBOT 10-Year U.S. Treasury Note Volatility Index (VXTYN) futures contract. Specifically, the Amendment provides additional clarity about how the option series used to calculate the final settlement value of VXTYN futures are selected. Specifically, the Exchange is making parallel structure changes to consistently reflect that the calculation of the VXTYN Index uses at- and out-of-the-money options. An example of how option series are selected for inclusion to calculate the final settlement value for expiring VXTYN futures is also being included. The Amendment will become effective on January 15, 2015.

VXTYN futures began trading on CFE on November 13, 2014. The VXTYN Index is based on real-time mid-quotes of options on 10-Year Treasury Note futures listed by CME Group (CME) which trade on the Chicago Board of Trade (CBOT) (OZN options), and is designed to reflect investor's consensus view of the expected volatility of CBOT 10-Year Treasury Note futures (TY futures) over the next 30 calendar days. VXTYN futures settle on a monthly basis and the final settlement value for VXTYN futures is a special quotation (SQ) of the VXTYN Index.[1] The below formula[2] sets forth how the VXTYN Index is calculated:

$$VXTYN = 100 * \sqrt{\frac{2e^{r\tau}}{\tau}\left\{\sum_i \frac{\Delta K^{put}{}_i * P_i^{put}}{(K_i^{put})^2} + \sum_j \frac{\Delta K^{call}{}_j * P_j^{call}}{(K_j^{call})^2}\right\} - \frac{1}{\tau}\left(\frac{F}{K_0} - 1\right)^2}$$

[1] The SQ is calculated using the same formula as the spot/cash VXTYN Index, except that (1) the inputs are indicative values of CBOT Daily Settlement Prices of OZN options, instead of real time mid-quotations of OZN options, and (2) a different criterion is applied to select the range of at- and out-of-the-money puts and calls included in the calculation.

[2] In the original CFE filing (SR-CFE-2014-022) to list VXTYN futures, brackets were inadvertently omitted from the formula. The formula shown here contains the omitted brackets and shows them as set forth before and after the two internal equations with sigma (Σ) notations.

- K_i^{put} is the strike of the i^{th} put included, and similarly K_j^{call} is the strike of the j^{th} call. Only at- and out-of-the-money strikes are included. Strikes with 0 bids and strikes further out than any two strikes with two consecutive 0 bids are excluded ("0 Bid Rule[3]").
- $\Delta K^{put}{}_i$ and $\Delta K^{call}{}_j$ are the strike intervals, equal to half the distance between strikes adjacent to the i^{th} strike for the puts, and jth strike for the calls, with the exception of extreme strikes where the strike interval is the distance to the next included strike.
- P_i^{put} and P_j^{call} are the mid-quotes of the i^{th} put strike and j^{th} call strike.
- The price of the option with the K_0 strike price reflects the average of the midquote prices of both the call and put at that strike price. For all other strike prices, a single call or put is used.[4]
- τ is the time to expiration, expressed as a fraction of a year (or 30/365 in the formula), and r is the 30-day rate of interest. F is the 30-day forward price, and K_0 is the first listed strike below the forward price.

The Amendment does not substantively amend the product specifications for VXTYN futures and instead simply adds greater clarity to one section of those specifications in a manner consistent with the original intent of the specifications.

The following VXTYN futures expirations are currently listed for trading and, as of the date of this filing, there is no open interest in any expiration.

Month/Year	Last Trading Day	Final Settlement Date
JAN 15	JAN 21 15	JAN 21 15
FEB 15	FEB 25 15	FEB 25 15
MAR 15	MAR 25 15	MAR 25 15
APR 15	APR 22 15	APR 22 15

CFE believes that the Amendment is consistent with DCM Core Principle 7 (Availability of General Information) under Section 5 of the Act. The Amendment sets forth in a clear and transparent manner the manner by which the spot (cash) value and final settlement value for the VXTYN Index and futures is calculated.

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 filing is marked to show additions in underlined text and deletions in [bracketed] text to the current summary product specifications chart for VXTYN futures. No rule text is being changed by the current filing.

[3] "Cabinet" bids are considered as "0" bids for the purpose of the "0 Bid Rule."
[4] In the original filing to list VXTYN futures, this bullet point was not included and is being added now to include additional clarity regarding the manner in which the final settlement value will be calculated for VXTYN futures.

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-2014-036 in any related correspondence.

CBOE Futures Exchange, LLC

Michael Mollet

By: Michael Mollet
Managing Director

Summary Product Specifications Chart for
CBOE/CBOT 10-Year U.S. Treasury Note Volatility Index Futures

CONTRACT NAME:	CBOE/CBOT 10-Year U.S. Treasury Note Volatility Index ("VXTYN") futures
LISTING DATE:	November 13, 2014.
DESCRIPTION:	The VXTYN is based on real-time mid-quotes of options on 10-Year Treasury Note futures listed on the Chicago Board of Trade ("CBOT") (Symbol: OZN options), and is designed to reflect investors' consensus view of the expected volatility of CBOT 10-Year Treasury Note futures over the next 30 calendar days. A mid-quote is the midpoint between the bid and offer for an option series.
CONTRACT SIZE:	The contract multiplier for the VXTYN futures contract is $1,000.
TRADING HOURS:	7:00 a.m. to 3:15 p.m. Chicago time, except that on the Final Settlement Date the trading hours for expiring VXTYN future will terminate at 2:00 p.m. Chicago time. Non-expiring VXTYN futures will continue to trade until 3:15 p.m. Chicago time on that date. The end of day submission cut-off time for all Orders, quotes, cancellations and Order modifications for VXTYN futures (other than for the expiring VXTYN future on its Final Settlement Date) is 3:14:59 p.m. Chicago time. Any Orders, quotes, cancellations or Order modifications submitted after the end of day submission cut-off time will be automatically rejected by the Exchange.
TRADING PLATFORM:	CBOE Command.
CONTRACT EXPIRATIONS:	The Exchange may list for trading up to twelve contract months for the VXTYN future contract.
TICKER SYMBOLS:	Futures: VXTY Cash: VXTYN
PRICING CONVENTIONS:	Both futures prices and cash index levels are stated in decimal format.
MINIMUM PRICE INTERVALS:	0.01 index point for single and multiple leg trades and net prices of spread trades, equal to $10.00 per contract.
DOLLAR VALUE PER TICK:	$10.00 per contract.
CROSSING TWO OR MORE ORIGINAL ORDERS:	The eligible size for an original Order that may be entered for a cross trade with one or more other original Orders pursuant to Rule 407 is one Contract. The Trading Privilege Holder or Authorized Trader, as applicable, must expose to the market for at least five seconds under Rule 407(a) at least one of the original Orders that it intends to cross.
PRE-EXECUTION DISCUSSIONS:	The Order Exposure Period under Policy and Procedure IV before an Order may be entered to take the other side of another Order with respect to which there has been pre-execution discussions is five seconds after the first Order was entered into the CBOE System.

EXCHANGE OF CONTRACT FOR RELATED POSITION TRANSACTIONS:	Exchange of Contract for Related Position ("ECRP") transactions may be entered into with respect to VXTYN futures contracts. Any ECRP transaction must satisfy the requirements of CFE Rule 414. The minimum price increment for an ECRP transaction involving the VXTYN futures contract is 0.01 index points.
BLOCK TRADES:	Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for the VXTYN futures contract is 100 contracts if there is only one leg involved in the trade If the Block Trade is executed as a transaction with legs in multiple expirations and all legs of the Block Trade are exclusively for the purchase or exclusively for the sale of VXTYN futures contracts (a "strip"), the minimum Block Trade quantity for the strip is 150 contracts and each leg of the strip is required to have a minimum size of 50 contracts. If the Block Trade is executed as a spread order that is not a strip, one leg must meet the minimum Block Trade quantity for the VXTYN futures contract and the other leg(s) must have a contract size that is reasonably related to the leg meeting the minimum Block Trade quantity. The minimum price increment for a Block Trade in the VXTYN futures contract is 0.01 index points.
NO BUST RANGE:	Pursuant to Rule 416, the CFE error trade policy may only be invoked for a trade price that is greater than 10% on either side of the market price of the applicable VXTYN futures contract. In accordance with Policy and Procedure III, the Help Desk will determine what the true market price for the relevant Contract was immediately before the potential error trade occurred. In making that determination, the Help Desk may consider all relevant factors, including the last trade price for such Contract, a better bid or offer price, a more recent price in a different expiration and the prices of related contracts trading on the Exchange and other markets.
TERMINATION OF TRADING:	The trading hours for expiring VXTYN futures contracts terminate at 2:00 p.m. Chicago time on the Final Settlement Date. The expiring VXTYN future will be put in a closed state at 1:59:59 p.m. Chicago time on its Final Settlement Date. As a result, no Orders, quotes, or Order modifications in the expiring VXTYN future will be accepted by the CBOE System at or after 1:59:59 p.m. Chicago time on its Final Settlement Date. The CBOE System will complete the processing of any trades in the expiring VXTYN future on its Final Settlement Date that are matched by the CBOE System and that the CBOE System begins to process prior to 1:59:59 p.m. Chicago time. The CBOE System will not process any trades in the expiring VXTYN future on its Final Settlement Date that the CBOE System does not match and begin to

	process prior to 1:59:59 p.m. Chicago time.
FINAL SETTLEMENT DATE:	The Wednesday that is thirty days prior to the last Friday of the calendar month immediately following the month in which the VXTYN contract expires that precedes the last business day of that month by at least two business days ("Final Settlement Date"). If the Wednesday is a CBOT holiday or if the Friday described above is a CBOT holiday, then the Final Settlement Date shall be the business day immediately preceding the Wednesday.
FINAL SETTLEMENT VALUE:	The final settlement value for VXTYN futures (Ticker: VXTYS) shall be a Special Quotation ("SQ") of VXTYN calculated using the indicative daily settlement prices published by CBOT, as further described below, for the OZN options used to calculate the final settlement value for expiring VXTYN futures on their Final Settlement Date. OZN options expire in the calendar month that precedes their designated contract month (e.g., February OZN options expire in January). For example, a January VXTYN futures contract would be calculated using March OZN options and a February VXTYN futures contract would be calculated using April OZN options. CBOT publishes indicative daily settlement prices for OZN options at approximately 2:00 p.m. Chicago time ("IDS Prices") and may subsequently update the IDS Prices after 2:00 p.m. Chicago time. The prices for OZN options that will be used to calculate the final settlement value for expiring VXTYN futures will be the most current IDS Prices received by Chicago Board Options Exchange, Incorporated ("CBOE") at the time when CBOE commences the final settlement value calculation process at approximately 3:45 p.m. Chicago time. CBOE could determine to commence this process earlier or as late as 4:20 p.m. Chicago time. These prices are the final and only prices that CBOE will use to calculate the final settlement value for expiring VXTYN futures. The final settlement value used to settle expiring VXTYN futures will not be adjusted in the event that CBOT updates the IDS Prices for OZN options after CBOE commences the final settlement value calculation process. The OZN option series used to calculate the final settlement value for expiring VXTYN futures shall include: (i) all at- and out-of-the-money put options beginning with the highest-strike put option with an IDS Price equal to or greater than the minimum tick size for OZN options (1/64th of a point or $15.625) of one (1) tick and ending with the put option with a strike price equal to at-the-money strike K^0; and

	(ii) all at- and out-of-the-money call options beginning with the call option with a strike price equal to the at-the-money strike K^0 and ending with the lowest-strike call option with an IDS Price equal to or greater than the minimum tick size for OZN options (1/64th of a point or $15.625); provided that the IDS Prices of put series below the lowest strike put and of call series greater than the highest strike call are no greater than one tick. For example, if the IDS Prices of at- and out-of-the-money OZN options are: 1, 1, 2, 3, 5, 8, 10, 7, 6, 3, 3, 1, 1, 1, the range of strikes would be truncated as 1, 2, 3, 5, 8, 10, 7, 6, 3, 3, 1. If the daily indicative settlement prices of at- and out-of-the-money OZN options are: 1, 1, 2, 1, 2, 3, 5, 8, 10, 7, 6, 3, 3, 1, 1, 2, 1, 1 the range of strikes would be truncated as 1, 2, 1, 2, 3, 5, 8, 10, 7, 6, 3, 3, 1, 1, 2, 1. The final settlement value will be rounded to the nearest $0.01. If the final settlement value is not available or the normal settlement procedure cannot be utilized due to a trading disruption or other unusual circumstance, the final settlement value will be determined in accordance with the rules and bylaws of The Options Clearing Corporation.
DELIVERY:	Settlement of VXTYN futures contracts will result in the delivery of a cash settlement amount on the business day immediately following the Final Settlement Date. The cash settlement amount on the Final Settlement Date shall be the final mark to market amount against the final settlement price of the VXTYN futures contract multiplied by $1,000.00.
POSITION LIMITS:	A person: (i) may not own or control more than 5,000 contracts net long or net short in all VXTYN futures contract expirations combined; and (ii) may not own or control more than 5,000 contracts net long or net short in the expiring VXTYN futures contract held during the last 5 trading days for the expiring VXTYN futures contract. The foregoing position limit shall not apply to positions that are subject to a position limit exemption meeting the requirements of Commission Regulations and CFE Rules.
MINIMUM REPORTABLE LEVEL:	200 or more contracts.