



September 15, 2014

Via Electronic Mail

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-2014-020

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 ("CFTC" or "Commission") under the Act, CBOE Futures Exchange, LLC ("CFE" or "Exchange") hereby submits a CFE rule amendment ("Amendment") to: (1) change the last trading day for the CBOE Volatility Index ("VIX") futures contract from the final settlement date to the business day prior to the final settlement date; (2) no longer permit trading in an expiring VIX futures contract during a portion of extended trading hours on its final settlement date; and (3) remove the prohibition that Trade at Settlement ("TAS") transactions in an expiring VIX futures contract during the business day of its final settlement date are not permitted. To implement these changes, the Exchange is amending various portions of CFE Rule 1202 which sets forth the contract specifications for VIX futures. The changes provided for in this Amendment will apply to all VIX futures contracts currently listed for trading on CFE as well as to all VIX futures contracts first listed for trading on or after the effective date of this Amendment. The Amendment will become effective on September 30, 2014.

CFE recently changed the last trading day for the VIX futures contract from the business day prior to the final settlement date to the final settlement date.¹ Instead of the last trading day being the business day immediately prior to the final settlement date, CFE changed its rules to permit trading in the expiring VIX futures contract from 3:30 p.m.² on the calendar day prior to

¹ See CFE Rule Certification Submission Number [CFE-2014-016](#). The final settlement date for the VIX futures contract is on the Wednesday that is thirty days prior to the third Friday of the calendar month immediately following the month in which the applicable VIX futures contract expires. The last trading day was formerly the Tuesday before the final settlement date. All times referenced in this Amendment are Chicago time.

² VIX futures have extended trading hours. The start of the final settlement date business day begins at 3:30 p.m. on the calendar day before the calendar day of the final settlement date.

the final settlement date until 7:00 a.m. on the calendar day of the final settlement date.³ Trade at Settlement (TAS) transactions would have not been permitted in the expiring VIX futures contract during this time period. The CFE Rule Certification that made these changes became effective on August 27, 2014 and the first planned use for these changes was to be for the September 2014 VIX futures expiration, beginning at 3:30 p.m. on Tuesday, September 16, 2014.

In order to make a systems update to the functionality to accommodate the last trading day change in expiring VIX futures, CFE will exercise emergency action on September 16, 2014 on a one-time basis and limit the trading hours for the expiring September 2014 VIX futures contract by closing trading in that contract at 3:15 p.m. on September 16, 2014, resulting in that contract not being open to trade during a portion of extended trading hours on the final settlement date (September 17, 2014) prior to final settlement.⁴ Through this rule certification, CFE is, among the other attendant changes described in the first paragraph to this filing, changing the last trading day for VIX futures back to the business day immediately preceding their final settlement date. The last trading day reversion will be effective prior to the October VIX futures expiration. CFE anticipates that it will submit a subsequent rule certification (similar to [CFE-2014-016](#)) to the CFTC to change the last trading day in VIX futures after CFE completes this systems update.

CFE believes that the Amendment is consistent with Designated Contract Market Core Principles 7 (Availability of General Information) and 9 (Execution of Transactions) under Section 5 of the Act. In particular, CFE's Rules will describe to market participants the last trading day for an expiring VIX futures contract.

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:

* * * * *

³ The expiring VIX futures contracts was to only trade during a portion of extended trading hours on the final settlement date prior to the final settlement. Closing trading in the expiring VIX futures contract at 7:00 a.m. would have permitted a one-and-a-half hour time period from 7:00 a.m. to 8:30 a.m. (Chicago time) between the end of trading hours in an expiring VIX futures contract and final settlement (which is determined at approximately 8:30 a.m. through the opening process for options on the S&P 500 Composite Stock Price Index ("S&P 500 Index") traded on CBOE).

⁴ See Commission Regulation §40.6(a)(6) (Emergency rule certifications). See also CFE Rule 418 (Emergencies) and CFE Policies and Procedures V (Emergency and Physical Emergency Delegations and Procedures (Rules 135 and 418)). CFE advised its Trading Privilege Holders of this intended action in advance. See CFE Regulatory Circular [RG14-032](#).

Chapter 12
CBOE Volatility Index Futures Contract Specifications

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Rule 1202. Contract Specifications

(a) No change.

(b) *Schedule and Prohibited Order Types.* The Exchange may list for trading up to nine near-term serial months and five months on the February quarterly cycle for the VIX futures contract. The final settlement date for the VIX futures contract shall be on the Wednesday that is thirty days prior to the third Friday of the calendar month immediately following the month in which the applicable VIX futures contract expires. If the third Friday of the month subsequent to expiration of the applicable VIX futures contract is a CBOE holiday, the final settlement date for the contract shall be thirty days prior to the CBOE business day immediately preceding that Friday.

The trading days for VIX futures are any Business Days the Exchange is open for trading.

The trading hours for VIX futures contracts are set forth in the charts below and are in Chicago time [, except that trading in an expiring VIX futures contract terminates at 7:00 a.m. Chicago time on its final settlement date]. The trading hours for VIX futures contracts during extended trading hours and regular trading hours shall constitute a single trading session for a Business Day. [All times set forth in the charts below are in Chicago time.]

Trading Week with No Exchange Holiday. Unless otherwise specified below in relation to Exchange holidays, the following schedule applies.

Type of Trading Hours	Monday	Tuesday – Friday
Extended	5:00 p.m. (Sunday) to 8:30 a.m.	3:30 p.m. (previous day) to 8:30 a.m.
Regular	8:30 a.m. to 3:15 p.m.	8:30 a.m. to 3:15 p.m.

Domestic Holidays Always Observed on Mondays. The below schedule applies when the following domestic holidays are observed: Martin Luther King, Jr. Day, Presidents’ Day, Memorial Day and Labor Day.

Type of Trading Hours	Monday	Tuesday
Extended	5:00 p.m. (Sunday) to 10:30 a.m.*	5:00 p.m. (Monday) to 8:30 a.m.
Regular	None	8:30 a.m. to 3:15 p.m.

Thanksgiving. The below schedule applies when the Thanksgiving Day holiday is observed.

Type of Trading Hours	Thanksgiving	Friday
Extended	3:30 p.m. (Wednesday) to 10:30 a.m.*	5:00 p.m. (Thursday) to 8:30 a.m.
Regular	None	8:30 a.m. to 12:15 p.m.

Floating Holidays and Good Friday: The below schedules apply when the following holidays are observed: New Year’s Day, Good Friday, Independence Day (July 4) and Christmas Day. If the holiday falls on a Saturday, the holiday will be observed on the previous day (Friday), except for New Year’s Day. If the holiday falls on a Sunday, the holiday will be observed on the next day (Monday). The holidays specified in the below charts refer to the day on which the Exchange observes the applicable holiday. The Exchange will typically close at 12:15 p.m. on July 3 (the day before Independence Day) and December 24 (Christmas Eve). Holiday closures and shortened holiday trading hours will be announced by circular.

If New Year’s Day or Christmas is on a Monday – Thursday:

Holiday	Type of Trading Hours	Holiday Observed (Monday - Thursday)
New Year’s Day and Christmas	Extended	5:00 p.m. (on holiday) to 8:30 a.m. (day after holiday)
New Year’s Day and Christmas	Regular	8:30 a.m. to 3:15 p.m. (day after holiday)

If Independence Day is on a Monday – Thursday:

Type of Trading Hours	July 4	July 5
Extended	5:00 p.m. (July 3) to 10:30 a.m.*	5:00 p.m. (July 4) to 8:30 a.m.
Regular	None	8:30 a.m. to 3:15 p.m.

If the holiday is on a Friday:

Holiday	Type of Trading Hours	Holiday Observed (Friday)
New Year’s Day, Good Friday, Independence Day and Christmas	Extended	None

Holiday	Type of Trading Hours	Holiday Observed (Friday)
New Year's Day, Good Friday, Independence Day, Christmas	Regular	None

*A holiday trading session includes extended trading hours on the calendar day of the holiday and any extended trading hours for the holiday on the previous calendar day. Holiday trading sessions are not separate Business Days and are part of the next Business Day. Trading in VIX futures is halted between sessions of extended trading hours on the calendar day of a holiday. The CBOE System will complete the processing of trades that are in the course of being processed by the CBOE System prior to the start of such a halt period. Since these halt periods are a regular feature for certain holiday trading sessions in VIX futures, they shall not be considered the declaration of a trading halt by the Exchange. Trades in VIX futures made during a holiday trading session will be submitted for clearing for the next Business Day.

All Orders, quotes, cancellations and Order modifications for VIX futures during trading hours must be received by the Exchange by no later than one second prior to the close of trading hours at the end of a Business Day [the submission cut-off time] and will be automatically rejected if received by the Exchange during trading hours after this [the submission] cut-off time. [The submission cut-off time is one second prior to the close of trading hours at the end of a Business Day, except that the submission cut-off time for the expiring VIX futures contract on its final settlement date is 6:59:59 a.m. Chicago time.]

Market Orders for VIX futures contracts will not be accepted by the Exchange during extended trading hours for the VIX futures contract or during any other time period outside of regular trading hours for the VIX futures contract. Any Market Orders for VIX futures contracts received by the Exchange outside of regular trading hours for the VIX futures contract will be automatically rejected.

(c) – (d) No change.

(e) *Termination of Trading.* Trading on the VIX futures contract terminates [at 7:00 a.m. Chicago time] on the Business Day immediately preceding the final settlement date of the VIX futures contract for the relevant spot month and trading in an expiring VIX futures contract is not permitted during extended trading hours for an expiration day trading session. When the last trading day is moved because of an Exchange holiday, the last trading day for an expiring VIX futures contract will be the day immediately preceding the last regularly-scheduled trading day. [The CBOE System will complete the processing of trades in an expiring VIX futures contract that are in the course of being processed by the CBOE System prior to 7:00 a.m. Chicago time on its final settlement date.]

(f) – (p) No change.

(q) *Trade at Settlement Transactions.* Trade at Settlement ("TAS") transactions pursuant to Rule 404A are permitted in VIX futures and may be transacted on the CBOE System, as spread transactions, as Block Trades (including as spread transactions but not as a strip) and as Exchange of Contract for Related Position transactions. The trading hours for all types of TAS transactions in VIX futures are during extended trading hours and during regular trading hours until three minutes prior to the close of regular trading hours at the end of a Business Day. [TAS

transactions in an expiring VIX futures contract are not permitted during the Business Day of its final settlement date.] All Orders, quotes, cancellations and Order modifications for TAS transactions during trading hours must be received by the Exchange by no later than three minutes and one second prior to the close of trading hours at the end of a Business Day and will be automatically rejected if received by the Exchange during trading hours after this cutoff time. Any TAS Block Trade or TAS Exchange of Contract for Related Position transaction reported to the Exchange later than three minutes prior to the close of regular trading hours at the end of a Business Day may only be for the next Business Day.


The permissible price range for all types of TAS transactions in VIX futures is from \$100 (0.10 index points x \$1,000) below the daily settlement price to \$100 above the daily settlement price. The permissible minimum increment for TAS non-spread transactions in VIX futures that are transacted on the CBOE System is 0.01 index points, and the permissible minimum increment for TAS spread transactions, Block Trades and Exchange of Contract for Related Position transactions in VIX futures is 0.01 index points.

(r) – (s) No change.

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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-2014-020 in any related correspondence.

CBOE Futures Exchange, LLC



By: Michael Mollet
 Managing Director