



January 17, 2013

Via Electronic Mail

Ms. Melissa Jurgens
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-2013-04

Dear Ms. Jurgens:

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 amends CFE Rules 417A, 1202, 1402, 1602, 1702, 2002 and 2302 to coordinate the adoption and effectiveness of market-wide trading halt provisions on CFE with the implementation of corresponding market-wide trading halt provisions by the national securities exchanges (“Amendment”). The Amendment will become effective on February 4, 2013.

On October 17, 2012, CFE Rule 417A was adopted and various provisions of CFE’s contract specification chapters were amended to incorporate effective on February 4, 2013 market-wide trading halt provisions that were consistent with the market-wide trading halt provisions which were anticipated to be adopted by the national securities exchanges on February 4, 2013.¹ CFE understands that the national securities exchanges are now delaying the implementation of their market-wide trading halt provisions. Because the above referenced CFE rules were coordinated with the previously planned February 4, 2013 adoption and effective date of the market-wide trading halt regime on national securities exchanges, CFE is now amending those rules by deleting references to the February 4, 2013 date and replacing them with references to the date on which the corresponding market-wide trading halt regime becomes effective on national securities exchanges. CFE will issue a circular advising its Trading Privilege Holders of the effective date of the new market-wide trading halt provisions prior to their effectiveness.

CFE believes that the Amendment is consistent with Designated Contract Market Core Principle 4 (Prevent of Market Disruptions) under Section 5 of the Act because amended CFE Rules 417A, 1202, 1402, 1602, 1702, 2002 and 2302 will facilitate the coordination of market-wide trading halts on CFE applicable to its equity-based and other products with market-wide trading halts due to extraordinary volatility on national securities exchanges.

¹ See CFE Rule Certification Submission Number 2012-26.

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 underlined text and deletions in [bracketed] text, consists of the following:

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CFE Rule 417A. Market-Wide Trading Halts Due to Extraordinary Market Volatility

(a) The Exchange will halt trading in all Contracts and shall not reopen for the time periods specified in this Rule if there is a Level 1, 2 or 3 Market Decline.

(b) For purposes of this Rule:

(i) A “Market Decline” means a decline in price of the S&P 500 Index between 8:30 a.m. and 3:00 p.m. (all times are CT) on a trading day as compared to the closing price of the S&P 500 Index for the immediately preceding trading day. The Level 1, Level 2 and Level 3 Market Declines that will be applicable for the trading day will be the levels publicly disseminated by securities information processors.

(ii) A “Level 1 Market Decline” means a Market Decline of 7%.

(iii) A “Level 2 Market Decline” means a Market Decline of 13%.

(iv) A “Level 3 Market Decline” means a Market Decline of 20%.

(c) Halts in Trading:

(i) If a Level 1 or Level 2 Market Decline occurs after 8:30 a.m. and up to and including 2:25 p.m. or, in the case of an early scheduled close, 11:25 a.m., the Exchange shall halt trading in all Contracts for 15 minutes after a Level 1 or Level 2 Market Decline. The Exchange shall halt trading based on a Level 1 or Level 2 Market Decline only once per trading day. The Exchange will not halt trading if a Level 1 or Level 2 Market Decline occurs after 2:25 p.m. or, in the case of an early scheduled close, 11:25 a.m.

(ii) If a Level 3 Market Decline occurs at any time during the trading day, the Exchange shall halt trading in all Contracts until the next trading day.

(d) If a circuit breaker is initiated in all Contracts due to a Level 1 or Level 2 Market Decline, the Exchange may resume trading in each Contract anytime after the 15-minute halt period.

(e) This Rule shall become effective on [February 4, 2013] the date that corresponding market-wide trading halt provisions become effective on national securities exchanges.

(f) Nothing in this Rule shall be construed to limit the ability of the Exchange to halt or suspend trading in any Contract pursuant to any other Exchange rule or policy.

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CFE Rule 1202. CBOE Volatility Index Futures Contract Specifications

(a) – (h) No change.

(i) *Price Limit and Circuit Breaker Halts.* Pursuant to Rule 413, VIX futures contracts are not subject to price limits.

Prior to [February 4, 2013,] the date on which market-wide trading halt provisions corresponding to the provisions of Rule 417A become effective on national securities exchanges. trading in VIX futures contracts shall be halted whenever a market-wide trading halt commonly known as a circuit breaker is in effect on the New York Stock Exchange in response to extraordinary market conditions. On and after [February 4, 2013,] that date, trading in VIX futures contracts shall be halted pursuant to Rule 417A if there is a Level 1, 2 or 3 Market Decline.

(j) – (s) No change.

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CFE Rule 1402. CBOE Volatility Index Futures Contract Specifications

(a) – (h) No change.

(i) *Price Limits and Circuit Breaker Halts.* Pursuant to Rule 413, Mini VIX futures contracts are not subject to price limits.

Prior to [February 4, 2013,] the date on which market-wide trading halt provisions corresponding to the provisions of Rule 417A become effective on national securities exchanges. trading in Mini VIX futures contracts shall be halted whenever a market-wide trading halt commonly known as a circuit breaker is in effect on the New York Stock Exchange in response to extraordinary market conditions. On and after [February 4, 2013,] that date, trading in Mini VIX futures contracts shall be halted pursuant to Rule 417A if there is a Level 1, 2 or 3 Market Decline.

(j) – (s) No change.

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CFE Rule 1602. Individual Stock Based and Exchange-Traded Fund Based Volatility Index Security Futures Contract Specifications

(a) – (h) No change.

(i) *Price Limits and Halts.* Pursuant to Rule 413, Volatility Index futures contracts are not subject to price limits.

Trading in Volatility Index futures contracts shall be halted to the extent required by Rule 417 relating to “regulatory halts.” Prior to [February 4, 2013,] the date on which market-wide trading halt provisions corresponding to the provisions of Rule 417A become effective on national securities exchanges, trading in Volatility Index futures contracts shall also be halted whenever a market-wide trading halt commonly known as a circuit breaker is in effect on the New York Stock Exchange in response to extraordinary market conditions. On and after [February 4, 2013,] that date, trading in Volatility Index futures contracts shall also be halted pursuant to Rule 417A if there is a Level 1, 2 or 3 Market Decline

(j) – (s) No change.

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CFE Rule 1702. CBOE NASDAQ-100 Volatility Index Futures Contract Specifications

(a) – (h) No change.

(i) *Price Limits and Circuit Breaker Halts.* Pursuant to Rule 413, VXN futures contracts are not subject to price limits.

Prior to [February 4, 2013,] the date on which market-wide trading halt provisions corresponding to the provisions of Rule 417A become effective on national securities exchanges, trading in VXN futures contracts shall be halted whenever a market-wide trading halt commonly known as a circuit breaker is in effect on the New York Stock Exchange in response to extraordinary market conditions. On and after [February 4, 2013,] that date, trading in VXN futures contracts shall be halted pursuant to Rule 417A if there is a Level 1, 2 or 3 Market Decline.

(j) – (s) No change.

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CFE Rule 2002. Radar Logic 28-Day Real Estate Index Futures Contract Specifications

(a) – (h) No change.

(i) *Price Limits and Circuit Breaker Halts.* Pursuant to Rule 413, RPX Futures are not subject to price limits.

Prior to [February 4, 2013,] the date on which market-wide trading halt provisions corresponding to the provisions of Rule 417A become effective on national securities exchanges, trading in RPX Futures shall be halted whenever a market-wide trading halt commonly known as a circuit breaker is in effect on the New York Stock Exchange in response to extraordinary market conditions. On and after [February 4, 2013,] that date, trading in RPX Futures shall be halted pursuant to Rule 417A if there is a Level 1, 2 or 3 Market Decline.

(j) – (s) No change.

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CFE Rule 2302. S&P 500 Variance Futures Contract Specifications

(a) – (h) No change.

(i) *Price Limits and Circuit Breaker Halts.* Pursuant to Rule 413, S&P 500 Variance futures contracts are not subject to price limits.

Prior to [February 4, 2013,] the date on which market-wide trading halt provisions corresponding to the provisions of Rule 417A become effective on national securities exchanges, trading in S&P 500 Variance futures contracts shall be halted whenever a market-wide trading halt commonly known as a circuit breaker is in effect on the New York Stock Exchange in response to extraordinary market conditions. On and after [February 4, 2013,] that date, trading in S&P 500 Variance futures contracts shall be halted pursuant to Rule 417A if there is a Level 1, 2 or 3 Market Decline.

(j) – (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-2013-04 in any related correspondence.

CBOE Futures Exchange, LLC



By: James F. Lubin
Senior Managing Director

cc: Nancy Markowitz (CFTC)
National Futures Association
The Options Clearing Corporation