



RECEIVED
CFTC

2011 MAR 22 AM 9:18

OFFICE OF THE
SECRETARIAT

March 18, 2011

Via Electronic Mail

Mr. David Stawick
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-2011-07

Dear Mr. Stawick:

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 new rule that sets forth CFE's CBOE Gold ETF Volatility Index ("GVZ") Security Futures Lead Market Maker Program ("Lead Market Maker Program"). The Lead Market Maker Program will commence on March 25, 2011.

The Lead Market Maker Program will be set forth in CFE Policy and Procedure IX. The text of the Mini CBOE Volatility Index ("Mini VIX") Futures Market Maker Program, which is currently set forth in Policy and Procedure IX, will be deleted since it expired by its terms on December 31, 2010.

CFE is not aware of any substantive opposing views to the Lead Market Maker Program. CFE hereby certifies that the Lead Market Maker Program complies with the Act and the regulations thereunder.

The revisions to CFE Policy and Procedure IX, marked to show additions in underlined text and deletions in [bracketed] text, consist of the following:

* * * * *

CFE Policy and Procedure IX. [Mini CBOE Volatility Index Futures Market Maker Program]

Trading Privilege Holders ("TPHs") may apply to the Exchange for appointment as a market maker in the Mini CBOE Volatility Index ("Mini VIX") futures contract. Any TPH that desires to apply for market maker status should submit an application in the form of a letter outlining the organization's qualifications and commitments.

The Exchange may approve up to five TPHs as market makers in the Mini VIX futures contract under the Program. TPHs shall be selected by the Exchange based on the Exchange's judgment as to

which applicants are most qualified to perform the functions of a market maker under the Program. Factors to be considered in making this selection may include, but are not limited to, satisfaction of the qualifications listed below as well as any one or more of the factors listed in Rule 515(b), as applied to market maker applicants instead of with respect to DPM applicants.

The following describes the qualifications, obligation, benefits, and appointment term under the Mini VIX Futures Market Maker Program unless otherwise specified.

Qualifications

- Experience in trading futures and/or options on volatility indexes.
- Ability to automatically and systemically provide quotations.

Obligation

- Upon request by the Exchange, provide a 2-sided quote for a minimum of 20 contracts within a maximum width of \$0.50 in any designated Mini VIX futures contract month(s).

The Exchange may terminate, place conditions upon, or otherwise limit a TPH's appointment as a market maker under the Program if the TPH fails to perform its obligation under the Program. However, failure of a TPH to comply with its obligation under the Program shall not be deemed a violation of Exchange rules.

Benefits

- For the first six months after a TPH is appointed as a market maker under the Program, a rebate of all transaction fees for all Mini VIX futures trades resulting from quotes provided by the TPH pursuant to the TPH's obligation under the Program or otherwise.
- After six months following the appointment of a TPH as a market maker under the Program, a rebate of 50% of all transaction fees for all Mini VIX futures trades resulting from quotes provided by the TPH pursuant to the TPH's obligation under the Program or otherwise.

These benefits are limited to Mini VIX futures trades resulting from quotes submitted by the TPH and shall not apply to Mini VIX futures trades resulting from orders submitted by the TPH.

Term

- The Program and each market maker appointment under the Program will expire on December 31, 2010. The Exchange may determine to extend the term of the Program and market maker appointments under the Program, allow the Program and market maker appointments under the Program to expire, terminate the Program and all market maker appointments under the Program at any time or replace the Program with a different market-maker program at any time.]

CBOE Gold Volatility Index Futures Lead Market Maker Program

Trading Privilege Holders ("TPHs") may apply to the Exchange for appointment as a lead market maker in the CBOE Gold Volatility Index ("GVZ") futures contract. This GVZ Lead Market Maker Program is in addition to the Security Futures Market Maker Program under CFE Policy and Procedure VII, and any lead market maker under the GVZ Lead Market Maker Program must also be a market maker under the Security Futures Market Maker Program.

The Exchange may approve one or more TPHs as lead market makers in the GVZ Lead Market Maker Program. Any TPH that desires to apply for lead market maker status in the GVZ futures contract should submit an application in the form of a letter outlining the organization's qualifications and commitments. TPHs shall be selected by the Exchange based on the Exchange's judgment as to which applicants are most qualified to perform the functions of a lead market maker under the Program. Factors to be considered in making this selection may include, but are not limited to, satisfaction of the qualifications listed below as well as any one or more of the factors listed in CFE Rule 515(b), as applied to lead market maker applicants instead of with respect to DPM applicants.

The following describes the qualifications, market performance benchmarks, benefits, and appointment term under the GVZ Futures Lead Market Maker Program unless otherwise specified.

Qualifications

- Experience in trading futures and/or options on volatility indexes.
- Ability to automatically and systemically provide quotations.

Market Performance Benchmarks

- Throughout the trading day between 8:30 a.m. and 3:00 p.m., the TPH shall provide a continuous 2-sided quote for a minimum of 5 contracts within a maximum width of \$0.15 in all GVZ futures contract months.
- The above obligation shall be subject to relief in the event of a fast market in GVZ futures or SPDR Gold Shares (GLD) options traded on CBOE or other extenuating circumstances or unusual market conditions to be determined solely by the Exchange. Under conditions as specified in the foregoing sentence, the TPH shall use commercially reasonable efforts to provide a continuous quote and to respond to requests for a quote.

The Exchange may terminate, place conditions upon, or otherwise limit a TPH's appointment as a lead market maker under the Program if the TPH fails to satisfy the market performance benchmarks under the Program. However, failure of a TPH to satisfy the market performance benchmarks under the Program shall not be deemed a violation of Exchange rules.

Benefits

- During the time period until September 30, 2011, transaction fees will be rebated for each TPH appointed as a lead market maker under the Program for all GVZ futures trades by that TPH resulting from quotes or resting orders provided by the TPH. For purposes of the Program, a resting order is any order received by the CBOE System at least 3 seconds before its execution.
- During the time period until September 30, 2011, the Exchange will maintain a "revenue pool" equal to 40% of all transaction fees collected by the Exchange, minus rebated transaction fees for TPHs appointed as lead market makers under the Program, for transactions in GVZ futures. During the time period from October 1, 2011 through December 31, 2012, the "revenue pool" will be 20% of all transaction fees assessed and collected by the Exchange for transactions in GVZ futures. The revenue pool will be allocated monthly to TPHs appointed as lead market

makers under the Program on a pro-rata basis based on the contract volume in GVZ futures of those TPHs during the prior month resulting from quotes and resting orders provided by those TPHs.

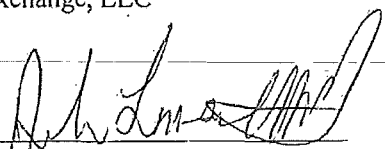
Term

- The Program and each lead market maker appointment under the Program will expire on December 31, 2012. The Exchange may determine to extend the term of the Program and lead market maker appointments under the Program, allow the Program and lead market maker appointments under the Program to expire, terminate the Program and all lead market maker appointments under the Program at any time, or replace the Program with a different lead market maker program at any time.

* * * * *

Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 or Jennifer Klebes at (312) 786-7466. Please reference our submission number CFE-2011-07 in any related correspondence.

CBOE Futures Exchange, LLC

By: 
Andrew Löwenthal
Managing Director

cc: Riva Adriance (CFTC)
Aaron Brodsky (CFTC)
National Futures Association
The Options Clearing Corporation