



July 2, 2012

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-2012-14

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 ("CFTC") under the Act, CBOE Futures Exchange, LLC ("CFE" or "Exchange") hereby submits a CFE rule amendment ("Amendment") to revise CFE Rules 414(g), 415(f), and 1101(b). The Amendment will become effective on July 18, 2012.

Rule 414(g) requires that CFE Trading Privilege Holders ("TPHs") executing Exchange of Contract for Related Position transactions ("ECRPs") have at least one designated Authorized Reporter that is pre-authorized by a CFE Clearing Member to report ECRPs on behalf of the TPH. Rule 414(g) also provides that a Clearing Member that authorizes an Authorized Reporter to report ECRPs on behalf of a TPH accepts responsibility for ECRP transactions reported to the Exchange by that Authorized Reporter on behalf of the TPH. Rule 415(f) contains similar provisions in relation to Block Trades. Rule 1101(b) provides that a Clearing Member may at any time revoke a Clearing Member guarantee for a TPH's trades on the Exchange and that the revocation shall become effective upon receipt of written notice thereof by the Exchange.

The Amendment revises Rules 414(g) and 415(f) in two respects. First, CFE is revising these Rules to provide that any designation of an Authorized Reporter or revocation of a previous designation of an Authorized Reporter (including any termination of the Clearing Member guarantee referenced above with respect to ECRP and Block Trade transactions reported by an Authorized Reporter) must be made in a form and manner prescribed by the Exchange. Second, CFE is revising these Rules to provide that any designation or revocation of an Authorized Reporter shall become effective as soon as the Exchange is able to process the designation or revocation. Similarly, the Amendment revises Rule 1101(b) to require that the revocation of a Clearing Member guarantee be made in a form and manner prescribed by the Exchange and to provide that the revocation of a Clearing Member guarantee shall become effective as soon as the Exchange is able to process the revocation (instead of upon receipt of written notice of the revocation).

The Amendment will enable the Exchange to ensure that the foregoing notices are submitted to the proper parties at CFE and in a form that includes the pertinent information that CFE needs in order to process these notices. Additionally, the Amendment makes clear that these

notices will not become effective until the Exchange is able to process them. For example, the Exchange may need to enter the updated information into its systems and there may be a period of time between the physical receipt of the notice by the Exchange and when the Exchange is able to enter the updated information.

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:

### **CBOE Futures Exchange, LLC Rules**

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#### **Rule 414. Exchange of Contract for Related Position**

(a) - (f) No change.

(g) Each Trading Privilege Holder executing an Exchange of Contract for Related Position transaction must have at least one designated Person that is either a Trading Privilege Holder or a Related Party of a Trading Privilege Holder and is pre-authorized by a Clearing Member to report Exchange of Contract for Related Position transactions on behalf of the Trading Privilege Holder ("Authorized Reporter"). When an entity designated as an Authorized Reporter reports an Exchange of Contract for Related Position transaction, the report must be made by one Related Party of that entity respecting that specific transaction. Only an Authorized Reporter of a Trading Privilege Holder will be allowed to report an Exchange of Contract for Related Position transaction on behalf of that Trading Privilege Holder. A Clearing Member that authorizes an Authorized Reporter to report Exchange of Contract for Related Position transactions on behalf of a Trading Privilege Holder accepts responsibility for all such transactions reported to the Exchange by that Authorized Reporter on behalf of the Trading Privilege Holder. Any designation of an Authorized Reporter or revocation of a previous designation of an Authorized Reporter, including any termination of the guarantee provided for in the preceding sentence, must be made in a form and manner prescribed by the Exchange and shall become effective as soon as the Exchange is able to process the designation or revocation.

(h) - (m) No change.

#### **Rule 415. Block Trading**

(a) - (e) No change.

(f) Each Trading Privilege Holder executing a side of a Block Trade must have at least one designated Person that is either a Trading Privilege Holder or a Related Party of a Trading Privilege Holder and is pre-authorized by a Clearing Member to report Block Trades on behalf of the Trading Privilege Holder ("Authorized Reporter"). If an entity designated as an Authorized

Reporter reports a Block Trade, the report must be made by a Related Party of that entity. Only an Authorized Reporter of a Trading Privilege Holder will be allowed to report a Block Trade on behalf of that Trading Privilege Holder. A Clearing Member that authorizes an Authorized Reporter to report Block Trades on behalf of a Trading Privilege Holder accepts responsibility for all such transactions reported to the Exchange by that Authorized Reporter on behalf of the Trading Privilege Holder. Any designation of an Authorized Reporter or revocation of a previous designation of an Authorized Reporter, including any termination of the guarantee provided for in the preceding sentence, must be made in a form and manner prescribed by the Exchange and shall become effective as soon as the Exchange is able to process the designation or revocation.

(g) - (m) No change.

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### **Rule 1101. Clearing Member Guarantee**

(a) Each Trading Privilege Holder that is not a Clearing Member and desires to enter into transactions in Contracts must obtain the prior authorization from a Clearing Member who will guarantee such transactions, or enter into an appropriate arrangement with a person that has such authorization from a Clearing Member. Each such guarantee or other arrangement must be in form and substance satisfactory to, and approved by, the Exchange. A Clearing Member shall guarantee and assume financial responsibility for all Contracts of each Trading Privilege Holder guaranteed by it, and shall be liable for all trades made by such Trading Privilege Holder.

(b) A Clearing Member may at any time revoke, in a form and manner prescribed by the Exchange, any authorization granted and guarantee made by it to any Trading Privilege Holder in accordance with paragraph (a) above and for purposes of the relationship between the relevant Clearing Member and the Exchange, and the obligations of such Clearing Member to the Exchange, such revocation shall become effective [upon the receipt of written notice thereof by the Exchange] as soon as the Exchange is able to process the revocation.

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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-2012-14 in any related correspondence.

CBOE Futures Exchange, LLC



By: James F. Lubin  
Managing Director

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