



July 2, 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-2013-28

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 submits a CFE rule amendment (“Amendment”) to establish a cut-off time for the acceptance by CFE's trading system of Orders, quotes, cancellations and Order modifications in CFE products. Specifically, the cut-off time will be one second prior to the close of trading hours for each product and will be reflected in CFE Rules 1202, 1402, 1602, 1702 and 2302. The current trading hours for all of CFE's products will remain the same. The Exchange is making this change to allow sufficient time for the Exchange to process trades resulting from Orders, quotes, cancellations and Order modifications that are received close in time to the end of trading hours, but due to time constraints, currently cannot be processed prior to the end of trading hours. The Amendment will become effective on or after July 18, 2013, on a date to be announced by the Exchange through the issuance of a circular.

CFE believes that the Amendment is consistent with Designated Contract Market Core Principles 4 (Prevention of Market Disruption), 7 (Availability of General Information) and 9 (Execution of Transactions) under Section 5 of the Act. As to Core Principle 4, CFE already has in place CFE Rule 620(b) (Disruptive Practices) that expressly prohibits any trading, practice or conduct that “[d]emonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period[.]” The National Futures Association (“NFA”), which provides regulatory services to CFE, has procedures and surveillance tools in place aimed to detect any such improper conduct, which would then be subject to disciplinary action by CFE. As to Core Principle 7 (Availability of General Information), the Amendment will make market participations aware of the cut-off time by which Orders, quotes, cancellations and Order modifications for the relevant CFE product must be received by CFE's trading system in order to be processed prior to the close of trading hours. As to Core Principle 9, CFE believes that market participants will benefit from having their marketable orders processed prior to the close of trading hours. In particular, the Amendment is intended to eliminate situations in which an Order received prior to the close of trading that can be matched with another Order or quote does not get

executed because CFE's trading system does not have time to match and process the trade prior to the close of trading.

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 1202. CBOE Volatility Index Futures 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 contracts shall be the same trading days of options on the S&P 500 Composite Stock Price Index, as those days are determined by CBOE.

The trading hours for VIX futures contracts are from 7:00 a.m. Chicago time to 3:15 p.m. Chicago time. The time period from 8:30 a.m. Chicago time until 3:15 p.m. Chicago time shall be considered regular trading hours for the VIX futures contract, and the time period from 7:00 a.m. Chicago time until the commencement of regular trading hours for the VIX futures contract shall be considered extended trading hours for the VIX futures contract. The trading hours for VIX futures contracts from 7:00 a.m. Chicago time to 3:15 p.m. Chicago time shall constitute a single trading session.

All Orders, quotes, cancellations and Order modifications for VIX futures during trading hours must be received by the Exchange by no later than 3:14:59 p.m. Chicago time and will be automatically rejected if received by the Exchange during trading hours after 3:14:59 p.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.

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(c) – (p) No changes.

(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 from 7:00 a.m. Chicago time to 3:12 p.m. Chicago time. All Orders, quotes, cancellations and Order modifications for TAS transactions during trading hours must be received by the Exchange by no later than 3:11:59 p.m. Chicago time and will be automatically rejected if received by the Exchange during trading hours after 3:11:59 p.m. Chicago time. 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 changes.

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#### **CFE Rule 1402. CBOE Volatility Index Futures Contract Specifications**

(a) No change.

(b) *Schedule.* The Exchange may list for trading up to three near-term serial months for the Mini VIX futures contract. The final settlement date for the Mini 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 Mini VIX futures contract expires. If the third Friday of the month subsequent to expiration of the applicable Mini 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 Mini VIX futures contracts shall be the same trading days of options on the S&P 500 Composite Stock Price Index, as those days are determined by CBOE.

The trading hours for Mini VIX futures contracts are from 8:30 a.m. Chicago time to 3:15 p.m. Chicago time.

All Orders, quotes, cancellations and Order modifications for Mini VIX futures during trading hours must be received by the Exchange by no later than 3:14:59 p.m. Chicago time and will be automatically rejected if received by the Exchange during trading hours after 3:14:59 p.m. Chicago time.

(c) – (s) No changes.

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

(a) No change.

(b) *Schedule.* The Exchange may list for trading up to nine near-term serial months and up to five additional months on the February quarterly cycle for a Volatility Index futures contract.

The final settlement date for a Volatility Index 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 contract expires. If the third Friday of the month subsequent to expiration of the applicable Volatility Index 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 third Friday.

The trading days for a Volatility Index futures contract shall be the same as the trading days of the component options comprising the respective Volatility Index, as those days are determined by CBOE.

<b>Trading Hours</b>	<b>Volatility Index Security Future</b>
8:30 a.m. – 3:00 p.m. (Chicago Time)*	VXAPL
	VXAZN
	VXGS
	VXGOG
	VXIBM
	GVZ
	OVX
	VXFXI
	VXEWS
	VXGDZ
<u>*All Orders, quotes, cancellations and Order modifications for the above Volatility Index futures during trading hours must be received by the Exchange by no later than 2:59:59 p.m. Chicago time and will be automatically rejected if received by the Exchange during trading hours after 2:59:59 p.m. Chicago time.</u>	
<b>Trading Hours</b>	<b>Volatility Index Security Future</b>
8:30 a.m. – 3:15 p.m. (Chicago Time)*	VXEEM
	VXXLE
<u>*All Orders, quotes, cancellations and Order modifications for the above Volatility Index futures during trading hours must be received by the Exchange by no later than 3:14:59 p.m. Chicago time and will be automatically rejected if received by the Exchange during trading hours after 3:14:59 p.m. Chicago time.</u>	

(c) – (s) No changes.

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

(a) No change.

(b) *Schedule.* The Exchange may list for trading up to nine near-term serial months and five months on the February quarterly cycle for the VXN futures contract. The final settlement date for the VXN futures contract shall be the Wednesday that is thirty days prior to the third Friday of the calendar month immediately following the month in which the applicable VXN futures contract expires. If the third Friday of the month subsequent to expiration of the applicable VXN 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 VXN futures contracts shall be the same trading days of options on the Nasdaq-100 Index traded on CBOE, as those days are determined by CBOE.

The trading hours for VXN futures contracts are from 8:30 a.m. Chicago time to 3:15 p.m. Chicago time.

All Orders, quotes, cancellations and Order modifications for VXN futures during trading hours must be received by the Exchange by no later than 3:14:59 p.m. Chicago time and will be automatically rejected if received by the Exchange during trading hours after 3:14:59 p.m. Chicago time.

(c) – (s) No change.

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

(a) No change.

(b) *Schedule.* The Exchange may list contract months for S&P 500 Variance futures that correspond to the listed contract months for options on the S&P 500 Composite Stock Price Index listed and traded on CBOE.

The final settlement date for an S&P 500 Variance futures contract shall be on the third Friday of the expiring futures contract month. If the third Friday of the expiring month is a CFE holiday, the Final Settlement Date for the expiring contract shall be the CFE business day immediately preceding the third Friday.

The trading days for S&P 500 Variance futures contracts shall be the same trading days of options on the S&P 500 Composite Stock Price Index, as those days are determined by CBOE.

The trading hours for the S&P 500 Variance futures contract are from 8:30 a.m. Chicago time to 3:15 p.m. Chicago time.

All Orders, quotes, cancellations and Order modifications for S&P 500 Variance futures during trading hours must be received by the Exchange by no later than 3:14:59 p.m. Chicago time and will be automatically rejected if received by the Exchange during trading hours after 3:14:59 p.m. Chicago time.

(c) – (s) No changes.

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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-2013-28 in any related correspondence.

CBOE Futures Exchange, LLC

A handwritten signature in black ink, appearing to read "James F. Lubin". The signature is written in a cursive style with a large initial "J" and "L".

By: James F. Lubin  
Senior Managing Director

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