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OFFICE OF THE SECRETARIAT

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September 22, 2010

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
Certification of Weekly Options on CBOE Volatility Index Futures
Submission Number CFE-2010-07

Dear Mr. Stawick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended ("Act"), and §40.2 of the regulations promulgated by the Commodity Futures Trading Commission under the Act, CBOE Futures Exchange, LLC ("CFE" or "Exchange") hereby submits rules and terms and conditions for a new product to be traded on CFE, which are attached hereto along with a chart that summarizes the product specifications. The new product is the Weekly Option on CBOE Volatility Index Futures ("Weekly Options on VIX Futures" or "Product") contract which will be listed for trading on CFE commencing on September 28, 2010.

Weekly Options on VIX Futures will: (a) have American-style exercise; (b) have physical delivery, (c) expire weekly on Fridays, and (d) be P.M.-settled. The underlying for the Product is the CBOE Volatility Index ("VIX") futures contract, which is the VIX futures contract that currently is listed for trading on CFE. The VIX is based on real-time prices of options on the S&P 500 Composite Stock Price Index ("S&P 500") listed on Chicago Board Options Exchange, Incorporated ("CBOE") and is designed to reflect investors' consensus view of future (30-day) expected market volatility of the S&P 500.

The VIX continues to qualify as a broad-based security index pursuant to the 2004 Joint Order issued by the Securities and Exchange Commission and the Commodity Futures Trading Commission ("Commissions") dated March 25, 2004 (Securities Exchange Act Release No 49469) as amended by the 2009 Joint Order issued by the Commissions dated November 17, 2009 (Securities Exchange Act Release No. 61020) ("Joint Order") in that:

(1) The VIX measures the magnitude of changes in the level of the S&P 500 over a defined period of time, which magnitude is calculated using prices of options on the S&P 500 ("SPX options") and represents an annualized standard deviation of percent changes in the level of the S&P 500;

(2) The S&P 500 is a broad-based security index and is not a narrow-based security index as that term is defined in Section 1(a)(25) of the Act and Section 3(a)(55) of the Securities Exchange Act of 1934 ("Exchange Act");

- (3) The VIX has more than 9 component securities, all of which are SPX options;
- (4) No component security of the VIX comprises more than 30% of the VIX's weighting;
- (5) The five highest weighted component securities of the VIX in the aggregate do not comprise more than 60% of the VIX's weighting;
- (6) CFE certifies that the S&P 500 complies with the criteria set forth in condition (5) of the Joint Order;
- (7) SPX options are listed and traded on CBOE, a national securities exchange registered under Section 6 of the Exchange Act; and
- (8) The aggregate average daily trading volume in SPX options on CBOE is approximately 750,000 contracts calculated as of the preceding 6 full months.

CFE certifies that the Product complies with the Act and the rules thereunder.

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-2010-07 in any related correspondence.

CBOE Futures Exchange, LLC

By: 

Andrew Lowenthal
Managing Director

cc: Riva Adriance (CFTC)
Phil Colling (CFTC)
Thomas Leahy (CFTC)
Steven Benton (CFTC)
National Futures Association
The Options Clearing Corporation

**Summary Product Specifications Chart for Weekly Options on
CBOE Volatility Index Futures**

CONTRACT NAME:	Weekly Options on CBOE Volatility Index ("VIX") Futures ("Weekly Options on VIX Futures").
LISTING DATE:	September 28, 2010.
UNDERLYING:	Weekly Options on VIX Futures are exchange-traded options on futures contracts that are based on the CBOE Volatility Index ("VIX futures"). Weekly Options on VIX Futures have American-style exercise that requires the delivery, upon exercise, of VIX futures (i.e., physical settlement). Weekly Options on VIX Futures expire weekly on Fridays and are P.M.-settled.
CONTRACT SIZE:	One (1) VIX futures contract.
TRADING HOURS:	8:30 a.m. - 3:15 p.m. Chicago time.
TRADING PLATFORM:	CBOE <i>direct</i>
CONTRACT MONTHS:	The Exchange may list for trading up to thirteen (13) expirations (calls and puts) for Weekly Options on VIX Futures.
TICKER SYMBOL:	VOW1 – Week 1 VOW2 – Week 2 VOW3 – Week 3 VOW4 – Week 4 VOW5 – Week 5 (if needed)
EXERCISE (STRIKE) PRICE INTERVALS:	Minimum exercise (strike) price intervals of not less than 0.50 points are permissible. In, at, and out-of-the money exercise (strike) prices are initially listed for each expiration. The Exchange may introduce new exercise (strike) prices as it deems appropriate, including in response to market conditions.
PRICING CONVENTIONS:	Weekly Options on VIX Futures prices are stated in decimal format.
MINIMUM PRICE INTERVALS:	0.05 points.
DOLLAR VALUE PER TICK:	\$50.00 per contract.
EXERCISE STYLE:	American. Weekly Options on VIX Futures may be exercised on any day up to and including the expiration date.
EXPIRATION DATE & LAST TRADING DAY:	Week 1 – 1 st Friday of the contract month Week 2 – 2 nd Friday of the contract month Week 3 – 3 rd Friday of the contract month Week 4 – 4 th Friday of the contract month Week 5 – 5 th Friday of the contract month (if needed) If the Exchange is closed on a Friday because of a CFE holiday, the expiration date and last trading day for the expiring Weekly Option on VIX Futures contract will be the immediately preceding business day.
DELIVERY:	Exercise of Weekly Options on VIX Futures results in the delivery of VIX futures with an expiration date closest to, but after the expiration date of the options contract. For example,

	<p>the exercise of October VOW1 options expiring on Friday, October 1, 2010 would result in the delivery of October VIX futures. Similarly, the exercise of October VOW2 options expiring on Friday October 8, 2010, would result in the delivery of October VIX futures. However, the exercise of October VOW4 options expiring Friday, October 22, 2010 (after the expiration date of October VIX futures -- October 20, 2010) would result in the delivery of November VIX futures.</p>
SETTLEMENT AT EXPIRATION:	<p>Exercise of Weekly Options on VIX Futures is governed by the Rules and By-Laws of The Options Clearing Corporation ("OCC"). Subject to OCC's Rules and By-Laws, Weekly Options on VIX Futures that are in-the-money by \$0.01 or more will be automatically exercised, unless instructions that the options not be exercised are submitted in proper form to OCC.</p>
POSITION ACCOUNTABILITY:	<p>Weekly Options on VIX Futures are subject to position accountability under Rule 412A.</p> <p>A person is subject to the position accountability requirements set forth in Rule 412A if the person (i) owns or controls at any time more than the number of contracts net long or net short in all VIX futures and Mini VIX futures contract months and in all Weekly Options on VIX Futures expirations combined that in the aggregate would exceed the equivalent of 25,000 VIX futures contracts or (ii) the person owns or controls more than the number of contracts net long or net short in the expiring VIX futures and Mini VIX futures contract months and all Weekly Options on VIX Futures on expiring VIX futures combined that in the aggregate would exceed the equivalent of 15,000 VIX futures contracts, commencing on the Friday prior to the final settlement date of the expiring VIX futures. Under this Rule, one Weekly Option on VIX Futures shall be deemed to be equivalent to one (1.0) VIX futures contract and one Mini VIX futures contract shall be deemed to be equivalent to one-tenth (0.10) of one VIX futures contract.</p> <p>For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding shall be cumulated.</p>
MINIMUM REPORTABLE LEVEL:	<p>200 or more contracts.</p>

Rule Chapter Setting Forth Contract Specifications for Options on CBOE Volatility Index Futures

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**CHAPTER 15
WEEKLY OPTIONS ON CBOE VOLATILITY INDEX FUTURES
CONTRACT SPECIFICATIONS**

1501. Scope of Chapter

This chapter applies to trading in Weekly Options on CBOE Volatility Index Futures ("Weekly Options on VIX Futures"). The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the generally applicable rules of the Exchange. Weekly Options on VIX Futures were first listed for trading on the Exchange on September 28, 2010.

1502. Contract Specifications

(a) *Schedule.* The Exchange may list for trading up to thirteen expirations (calls and puts) for Weekly Options on VIX Futures. The expiration date and last trading day shall be on any Friday of the contract month. If the Exchange is closed on a Friday, the expiration date and the last trading day for the expiring Weekly Option on VIX Futures contract shall be the immediately preceding business day.

Subject to their expiration schedule, the trading days for Weekly Options on VIX Futures shall be the same trading days as VIX futures.

The trading hours for Weekly Options on VIX Futures are from 8:30 a.m. Chicago time to 3:15 p.m. Chicago time.

(b) *Exercise (Strike) Prices.* Trading in Weekly Options on VIX Futures shall be conducted for put and call options. Exercise (strike) prices are stated in decimal format. Minimum exercise (strike) price intervals of not less than 0.50 points are permissible.

The Exchange will initially list in, at, and out-of-the-money exercise (strike) prices for each expiration. The Exchange may introduce new exercise (strike) prices as it deems appropriate, including in response to market conditions.

(c) *Minimum Increments.* Except as provided in the following sentence, the minimum fluctuation for Weekly Options on VIX Futures is 0.05 points, which has a value of \$50.00.

The individual legs and net prices of spread trades in Weekly Options on VIX Futures may be in increments of 0.01 points, which have a value of \$10.00.

(d) *Position Accountability.* Weekly Options on VIX Futures are subject to position accountability under Rule 412A.

A person is subject to the position accountability requirements set forth in Rule 412A if the person (i) owns or controls at any time more than the number of contracts net long or net short in all VIX futures and Mini VIX futures contract months and in all Weekly

Options on VIX Futures expirations combined that in the aggregate would exceed the equivalent of 25,000 VIX futures contracts or (ii) the person owns or controls more than the number of contracts net long or net short in the expiring VIX futures and Mini VIX futures contract months and all Weekly Options on VIX Futures on expiring VIX futures combined that in the aggregate would exceed the equivalent of 15,000 VIX futures contracts, commencing on the Friday prior to the final settlement date of the expiring VIX futures. Under this Rule, one Weekly Option on VIX Futures shall be deemed to be equivalent to one (1.0) VIX futures contract and one Mini VIX futures contract shall be deemed to be equivalent to one-tenth (0.10) of one VIX futures contract.

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding shall be cumulated.

(e) *Expiration Date and Last Trading Day.* Weekly Options on VIX Futures are p.m.-settled and trading in expiring Weekly Option on VIX Futures series terminates on the expiration date, which may be any Friday. If the Exchange is closed on a Friday because of an Exchange holiday, the expiration date and last trading day for the expiring Weekly Option on VIX Futures contract will be the immediately preceding business day.

(f) *Contract Modifications.* Specifications are fixed as of the first day of trading of a contract. If any U.S. government agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subject to such government orders.

(g) *Execution Priorities.* Pursuant to Rule 406(a)(i), the base allocation method of price-time priority shall apply to trading in Weekly Options on VIX Futures. Pursuant to Rule 406(b)(iii), a DPM trade participation right priority shall overlay the price-time priority base allocation method.

(h) *Crossing Two Original Orders.* The eligible size for an original Order that may be entered for a cross trade with another original Order pursuant to Rule 407 is one Contract. The request for quote response period under Rule 407(a) for the request for quote required to be sent before the initiation of a cross trade under Rule 407 is five seconds. Following the request for quote response period, the Trading Privilege Holder or Authorized Trader, as applicable, must expose to the market for at least three seconds under Rule 407(b) at least one of the original Orders that it intends to cross.

(i) *Price Limits and Circuit Breaker Halts.* Pursuant to Rule 413, Weekly Option on VIX Futures contracts are not subject to price limits.

Trading in Weekly Option on 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.

(j) *Exchange of Contract for Related Position.* Exchange of Contract for Related Position transactions, as set forth in Rule 414, may be entered into with respect to Weekly Option on VIX Futures contracts. Any Exchange of Contract for Related Position transaction must satisfy the requirements of Rule 414.

(k) *Block Trades.* Pursuant to Rule 415(a)(i), the minimum Block Trade quantity for the Weekly Option on VIX Futures contract is 500 contracts. If the Block Trade is executed as a spread or a combination, one leg must meet the minimum Block Trade quantity for the Weekly Option on VIX Futures contract and the other leg(s) must have a contract size that is reasonably related to the leg meeting the minimum Block Trade quantity. If the Block Trade is executed as a transaction with legs in multiple contract expirations and all legs of the Block Trade are exclusively for the purchase or exclusively for the sale of Weekly Option on VIX Futures contracts (a "strip"), the minimum Block Trade quantity for the strip is 500 contracts and each leg of the strip is required to have a minimum size of 100 contracts.

The minimum price increment for a Block Trade in the Weekly Options on VIX Futures contract is 0.01 index points.

(l) *No-Bust Range.* Pursuant to Rule 416, the Exchange error trade policy may only be invoked for a trade price that is (i) greater than 0.30 points on either side of the market price of the applicable Weekly Option on VIX Futures contract for option premiums less than 3 points, or (ii) greater than 10% on either side of the market price of the applicable Weekly Option on VIX Futures contract for option premiums 3 points or higher. In accordance with Policy and Procedure III, the Help Desk will determine what the true market price for the relevant Contract was immediately before the potential error trade occurred. In making that determination, the Help Desk may consider all relevant factors, including the last trade price for such Contract, a better bid or offer price, a more recent price in a different contract month and the prices of related contracts trading on the Exchange or other markets.

(m) *Pre-execution Discussions.* The Order Exposure Period under Policy and Procedure IV before an Order may be entered to take the other side of another Order with respect to which there has been pre-execution discussions is three seconds after the first Order was entered into the CBOE System. If no bid or offer price exist in the relevant Weekly Option on VIX Futures contract, the RFQ Response Period under Policy and Procedure IV that must elapse following the request for quote that is required to be sent prior to the entry of the first Order is five seconds.

(n) *Reportable Position.* Pursuant to Commission Regulation §15.03 and Commission Regulation Part 17, the position level that is required to be reported to the Commission is any open position in Weekly Option on VIX Futures contracts at the close of trading on any trading day equal to or in excess of 200 contracts on either side of the market.

(o) *Threshold Widths.* For purposes of Policy and Procedure I and Policy and Procedure II, the Threshold Widths for the Weekly Option on VIX Futures contract are as follows:

VIX Index Level	Threshold Width
1 – 100	20
100 – 200	50
200 – 10000	100

The minimum size of bids and offers that establish a Threshold Width is one contract.

1503. Exercise and Settlement

Weekly Options on VIX Futures have American-style exercise and may be exercised on any day up to and including the expiration date. Settlement of Weekly Options on VIX Futures will result in the physical delivery of one (1) VIX futures contract with an expiration date closest to, but after the expiration of the options contract.

Exercise of Weekly Options on VIX Futures is governed by the Rules and By-Laws of the Clearing Corporation. Subject to Clearing Corporation's Rules and By-Laws, Weekly Options on VIX Futures that are in-the-money by \$0.01 or more will be automatically exercised, unless instructions that the options not be exercised are submitted in proper form to the Clearing Corporation.

Clearing Members holding open positions in Weekly Option on VIX Futures contracts at the termination of trading in that Contract that are in-the-money shall deliver or receive the underlying VIX futures contract in accordance with the rules of the Clearing Corporation.

If the settlement value is not available or the normal settlement procedure cannot be utilized due to a trading disruption or other unusual circumstance, the settlement value will be determined in accordance with the Rules and By-Laws of the Clearing Corporation.

1504. DPM Participation Rights and Obligations

(a) *DPM Appointment.* A Trading Privilege Holder will be appointed to act as a DPM for Weekly Option on VIX Futures contracts pursuant to Rule 515.

(b) *DPM Participation Right.* The DPM participation right percentage under Rule 406(b)(iii) for Weekly Option on VIX Futures contracts is 30%.