



May 1, 2014

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-2014-09

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 ("CFTC" or "Commission") under the Act, CBOE Futures Exchange, LLC ("CFE" or "Exchange") hereby submits this rule certification relating to CFE Rules 209, 210, 211, and 801 ("Certification") to reflect changes to rules of Chicago Board Options Exchange, Incorporated ("CBOE") which are incorporated into those CFE rules by reference. The Certification will become effective on May 16, 2014.

CFE was formed by CBOE, which is an exchange affiliate of CFE. When CFE was approved as a Designated Contract Market, the Commission permitted CFE to incorporate certain CBOE rules into CFE's rules by reference. In particular, CFE Rule 209 (Business Conduct Committee), CFE Rule 210 (Arbitration Committee), and CFE Rule 211 (Appeals Committee) provide, in pertinent part, that the referenced committees shall be appointed pursuant to CBOE Rule 2.1(a). In addition, CFE Rule 801 (Matters Subject to Arbitration; Incorporation by Reference) expressly incorporates Chapter XVIII (Arbitration) of the CBOE Rules into Chapter 8 of CFE's Rules (with such changes as may be necessary or appropriate under the circumstances to make the provisions of that CBOE Rule chapter applicable to CFE). This Certification reflects amendments to CBOE Rule 2.1(a) and Chapter XVIII of the CBOE rules so that these amendments are also incorporated into CFE's rules. No amendments to existing CFE rule text are being proposed by this Certification.

CFE believes that the Certification complies with Designated Contract Market Core Principles 7 (Availability of General Information), 14 (Dispute Resolution), and 16 (Conflicts of Interest) under Section 5 the Act because the Certification: (i) makes clear that amendments to CBOE Rule 2.1(a) and Chapter XVIII of the CBOE Rules are incorporated into the CFE rules that reference them; (ii) improves the arbitration provisions utilized by CFE by expanding the pool of potential arbitrators; and (iii) furthers the regulatory independence of the CBOE Business Conduct Committee (which also serves as the CFE Business Conduct Committee) by providing for its

appointment to be made by the CBOE Nominating and Governance Committee with the approval of the CBOE Board of Directors.

CFE believes that the impact of the Certification will be beneficial to the public and market participants. CFE is not aware of any substantive opposing views to the Certification. CFE hereby certifies that the Certification complies with the Act and the regulations thereunder. CFE further certifies that CFE 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 Certification, marked to show additions in underlined text and deletions in [bracketed] text, consists of the following:

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Chicago Board Options Exchange, Incorporated Rules

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Rule 2.1. Committees of the Exchange

(a) *Establishment of Exchange Committees*. In addition to committees specifically provided for in the [Constitution] Bylaws and the Rules, there shall be the following committees that are not solely composed of directors from the Board of Directors of the Exchange ("Exchange committees"): Appeals, Arbitration, Business Conduct, and such other Exchange committees as may be established in accordance with [the Constitution. The President] the Bylaws and Rules. The Chief Executive Officer or his or her designee, with the approval of the Board, shall appoint the [chairman] chairmen, vice chairmen (if any), and members of all Exchange committees except for the Business Conduct Committee [to serve for terms expiring at the first regular meeting of the Board of Directors of the next calendar year and until their successors are appointed or their earlier death, resignation or removal. The President may, at any time, with or without cause, remove any member of the Business Conduct Committee. Any vacancy occurring in the Business Conduct Committee shall be filled by the President for the remainder of the term. Except as may be otherwise provided in the Constitution or the Rules, the Vice Chairman], as well as fill any vacancies on those committees, unless a different manner of appointment is provided for any Exchange committee under the Bylaws, the Rules or a resolution of the Board establishing that committee. The Nominating and Governance Committee, with the approval of the Board, shall appoint the [chairmen and members of such other committees to serve for terms expiring at] chairman, vice chairman (if any), and members of the Business Conduct Committee, as well as fill any vacancies on the Business Conduct Committee. The term of an Exchange committee member's appointment shall continue until the first regular meeting of the Board of Directors of the next calendar year and until [their successors are] that committee member's successor is appointed or [their] that committee member's earlier death, resignation or removal. [Consideration] In selecting Exchange committee members, consideration shall be given to continuity and to having, where appropriate, a cross section of the [membership] Trading Permit Holders represented on each Exchange committee. Except as may be otherwise provided in the [Constitution or the Rules, the Vice Chairman of the Board may, at any time, with or without cause, remove any member of such committees. Any vacancy occurring in one of these committees shall be filled by the Vice Chairman of the Board for the remainder of the term. Notwithstanding the foregoing, the Chairman of the Board] Bylaws or the Rules, the Chief Executive Officer or his or her designee, with the approval of the Board, [shall appoint Directors to serve on the Governance Committee and the

Regulatory Oversight Committee, whose members shall not be subject to removal except by the Board. The Chairman of the Governance Committee and the Chairman of the Regulatory Oversight Committee shall be appointed by the Chairman of the Board. Whenever the Vice Chairman of the Board is, or has reason to believe he may become, a party to any proceeding of an Exchange committee, he shall not exercise his power to appoint or remove members of that committee, and the Chairman of the Board shall have such power] may, at any time, with or without cause, remove any member of any Exchange committee, except for the Business Conduct Committee. The Board, may, at any time, with or without cause, remove any member of the Business Conduct Committee.

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Rule 18.1. Matters Subject to Arbitration

(a) Any dispute, claim or controversy, arising between parties who are Trading Permit Holders [members]* or persons associated with a Trading Permit Holder [member] which arises out of the Exchange business of such parties shall, at the request of any such party and the approval of the Exchange's Director of Arbitration, be submitted for arbitration in accordance with these rules.

(b) Any dispute, claim or controversy, arising between a non-Trading Permit Holder [member] and a Trading Permit Holder [member] or persons associated with a Trading Permit Holder [member] which arises out of the Exchange business of such Trading Permit Holder [member] or a person associated with a Trading Permit Holder [member] shall, at the request of such non- Trading Permit Holder [member] and the approval of the Exchange's Director of Arbitration, be submitted for arbitration in accordance with these rules.

(c) – (d) No change.

. . . Interpretations and Policies:

.01 For purposes of this Chapter, the terms Trading Permit Holder [member] and a person associated with a Trading Permit Holder [member] shall be deemed to encompass those persons who were former (a) Trading Permit Holders, (b) Exchange members, or persons treated the same as members, under the Constitution and Rules of the Exchange in effect immediately prior to the Restructuring Transaction, (c) persons associated with a Trading Permit Holder, or (d) persons associated with a member, or a person treated the same as a member, under the Constitution and Rules of the Exchange in effect immediately prior to the Restructuring Transaction

.02 It may be deemed conduct inconsistent with just and equitable principles of trade for a Trading Permit Holder [member] or a person associated with a Trading Permit Holder [member] to fail to submit a dispute for arbitration on demand under the provisions of this Chapter, or to fail to provide any document in his possession or control as directed pursuant to the provisions of this Chapter or to fail to honor an award of arbitrators properly rendered pursuant to the provisions of this Chapter where a timely motion has not been made to vacate or modify such award pursuant to applicable law.

* The term Trading Permit Holder ["member"] as defined in the Bylaws [Constitution] and used in the Rules includes a nominee of a TPH [member] organization unless the context otherwise requires.

.03 No change.

Rule 18.2. Procedures in [Member] Trading Permit Holder Controversies

The following procedures shall apply in any dispute, claim or controversy between parties who are [members] Trading Permit Holders or persons associated with a [member] Trading Permit Holder which is submitted for arbitration pursuant to Rule 18.1(a):

(a) *Selection of Arbitrators.* The arbitration panel shall be selected by the Director of Arbitration and shall consist of not less than three [members of] arbitrators. The arbitrators shall be selected from the Arbitration Committee[.] or, if necessary, from a roster provided by the Financial Industry Regulatory Authority, Inc. ("FINRA") of qualified non-public arbitrators and/or non-public chairperson-qualified arbitrators, as defined by FINRA's rules governing arbitration industry disputes.

(b) – (c) No change.

(d) *General.* Subject to the foregoing provisions of this Rule, the other Rules of Chapter 18 shall apply to arbitrations between [members] Trading Permit Holders except for those provisions specifically applicable to arbitrations involving public customers.

. . . Interpretations and Policies:

.01 In any arbitration concerning the alleged failure to honor a trade, each party to the arbitration shall promptly provide copies of all documents filed or received in the arbitration by that party to the Clearing [Member(s)] Trading Permit Holder(s) that guaranteed that party's Exchange transactions when the alleged trade took place.

Uniform Arbitration Code

Rule 18.3. Arbitration

(a) Any dispute, claim or controversy between a customer or non-Trading Permit Holder [member] and a Trading Permit Holder [member] and/or associated person arising in connection with the business of such Trading Permit Holder [member] and/or associated person in connection with his activities as an associated person shall be arbitrated under the Rules of the Exchange, as provided by any duly executed and enforceable written agreement or upon the demand of the customer or non-Trading Permit Holder [member].

(b) – (c) No change.

. . . Interpretations and Policies:

.01 No change.

Rule 18.3A. Class Action Claims

(a) – (b) No change.

(c) No Trading Permit Holder [member] and/or associated person shall seek to enforce any agreement to arbitrate against a customer, other Trading Permit Holder [member] or persons

associated with a Trading Permit Holder [member] who has initiated in court a putative class action or is a member of a putative or certified class with respect to any claims encompassed by the class action unless and until:

(i) – (ii) No change.

(iii) the customer, other Trading Permit Holder [member] or person associated with a Trading Permit Holder [member] is excluded from the class by the court; or

(iv) the customer, other Trading Permit Holder [member] or person associated with a Trading Permit Holder [member] elects not to participate in the putative or certified class action, or, if applicable, has complied with any conditions for withdrawing from the class prescribed by the court.

(d) No Trading Permit Holder [member] and/or associated person shall be deemed to have waived any of its rights under this Code or under any agreement to arbitrate to which it is party except to the extent stated in this paragraph.

Rule 18.4. Simplified Arbitration

(a) Any dispute, claim or controversy, arising between a public customer(s) and an associated person or a Trading Permit Holder [member] subject to arbitration under this Code involving a dollar amount not exceeding \$10,000, exclusive of attendant costs and interest, shall be arbitrated as hereinafter provided.

(b) – (l) No change.

Hearing Requirements

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Rule 18.10. Designation of Number of Arbitrators

(a) (1) In all arbitration matters involving public customers and non-Trading Permit Holders [members] where the amount in controversy exceeds \$10,000 or where the matter in controversy does not involve or disclose a money claim, the Director of Arbitration shall appoint an arbitration panel that shall consist of no less than three (3) arbitrators, at least a majority of whom shall not be from the securities industry, unless the public customer or non-Trading Permit Holder [member] requests a panel consisting of at least a majority from the securities industry.

(2) An arbitrator will be deemed as being from the securities industry if he or she:

(i) is a person associated with a Trading Permit Holder [member], broker/dealer, government securities broker, government securities dealer, municipal securities dealer, or registered investment adviser; or

(ii) – (iv) No change.

(v) is an individual who is registered under the Commodities Exchange Act or is a member of a registered futures association or any Commodities Exchange or is associated with any such person(s).

(3) An arbitrator who is not from the securities industry shall be deemed a public arbitrator. A person will not be classified as a public arbitrator if he or she has a spouse or other member of the household who is a person associated with a registered broker, dealer, municipal securities dealer, government securities broker, government securities dealer, or investment adviser.

(b) – (c) No change.

Guidelines for Classification of Arbitrators

No change.

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Rule 18.22 General Provisions Governing Pre-Hearing Proceeding

(a) – (f) No change.

(g) *Power to Direct Appearances and Production of Documents.*

The arbitrator(s) shall be empowered without resort to the subpoena process to direct the appearance of any Trading Permit Holder [member] or person employed by or associated with any Trading Permit Holder [member] or TPH [member] organization [of the Exchange], and/or the production of any records in the possession or control of such persons, Trading Permit Holders [members] or TPH [member] organizations. Unless the arbitrator(s) direct otherwise, the party requesting the appearance of a person or the production of documents under this section shall bear all reasonable costs of such appearance and/or production.

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Rule 18.33. Schedule of Fees

(a) – (b) No change.

(c) The arbitrator(s), in the award, may determine the amount chargeable to the parties as forum fees and shall determine who shall pay such forum fees. Forum fees are assessed to the parties on a per hearing session basis. The aggregate of the forum fee for each hearing session may equal but shall not exceed the amount of the largest initial hearing deposit deposited by any party, except in a case where claims have been joined subsequent to filing in which cases hearing session fees shall be computed as provided in paragraph (d). The arbitrators may determine in the award that a party shall reimburse to another party any non-refundable filing fee it has paid.

If a customer is assessed forum fees in connection with a Trading Permit Holder [member] claim, forum fees assessed against the customer shall be based on the hearing deposit required under the Trading Permit Holder [member] claims schedule for the amount awarded to Trading Permit Holder [member] parties to be paid by the customer and not based on the size of the Trading Permit Holder [member] claim. No fees shall be assessed against a customer in connection with a Trading Permit Holder [member] claim that is dismissed; however, in cases where there is also a customer

claim, the customer may be assessed forum fees based on the customer claim under the procedure set out above.

Amounts deposited by a party as hearing deposits shall be applied against forum fees, if any.

In addition to forum fees, the arbitrator(s) may determine in the award the amount of costs incurred pursuant to Rules 18.15(e), 18.20 and 18.27 and, unless applicable law directs otherwise, other costs and expenses of the parties. The arbitrator(s) shall determine by whom such costs shall be borne.

If the hearing session fees are not assessed against a party who had made a hearing deposit, the hearing deposit will be refunded unless the arbitrators determine otherwise.

(d) – (g) No change.

(h) Schedule of Fees

For purposes of the schedule of fees the term claim includes Claims, Counterclaims, Third-Party Claims or Cross-Claims. Any such claim involving a customer and a Trading Permit Holder [member] or person associated with a Trading Permit Holder [member] is a customer claim. Any such claim submitted by a Trading Permit Holder [member] or a person associated with a Trading Permit Holder [member] against another Trading Permit Holder [member] is a Trading Permit Holder [member] claim.

CUSTOMER CLAIM FEE SCHEDULE

No change.

TRADING PERMIT HOLDER [MEMBER] CLAIM FEE SCHEDULE

<i>Amount in Dispute (Exclusive of Interest and Expenses)</i>	<i>Filing Fee</i>	<i>Pre- Hearing Conference Fee</i>	<i>Hearing Deposit Fee Per Session</i>
\$1,000 or less	\$75	\$15	\$600
\$1,001 to \$2,500	\$75	\$25	\$600
\$2,501 to \$5,000	\$100	\$100	\$600
\$5,001 to \$10,000	\$500	\$200	\$600
\$10,001 to \$30,000	\$500	\$300	\$600
\$30,001 to \$50,000	\$500	\$300	\$600
\$50,001 to \$100,000	\$500	\$300	\$600
\$100,001 to \$500,000	\$750	\$500	\$750
\$500,001 to \$1,000,000	\$1000	\$500	\$1,000
Over \$1,000,000	\$1500	\$500	\$1,500

Rule 18.35. Requirements when Using Pre-Dispute Arbitration Agreements with Customers

(a) – (e) No change.

(f) The requirements of paragraphs (a) through (d) of this Rule shall apply only to new agreements signed by an existing or new customer of a Trading Permit Holder [member] or TPH [member] organization after September 7, 1989. The requirements of paragraph (e) shall apply only to new agreements signed by an existing or new customer of a Trading Permit Holder [member] or TPH [member] organization after January 23, 1996.

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Rule 18.37. Failure to Honor Award

Any Trading Permit Holder [member], person associated with a Trading Permit Holder [member], or former Trading Permit Holder [member] or associated person, who fails to honor an award of arbitrators appointed in accordance with these rules shall be subject to disciplinary proceedings in accordance with Chapter 17 of Exchange Rules.

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Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 or Eric Seinsheimer at (312) 786-8740. Please reference our submission number CFE-2014-09 in any related correspondence.

CBOE Futures Exchange, LLC

A handwritten signature in black ink, appearing to read "James F. Lubin". The signature is stylized with a large, looping initial "J" and a long horizontal stroke at the end.

By: James F. Lubin
Senior Managing Director

cc: Nancy Markowitz (CFTC)