



November 18, 2014

Mr. Christopher Kirkpatrick  
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-2014-27

Dear Mr. Kirkpatrick:

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 a CFE rule amendment (“Amendment”) to (i) amend CFE Rule 801 to provide for the National Futures Association (“NFA”) to administer arbitration functions for the Exchange and (ii) to put in place an Addendum to the Regulatory Services Agreement between CFE and NFA (“NFA RSA”) to reflect this change. The Amendment will become effective on January 1, 2015

NFA performs various surveillance, investigative, and regulatory functions for CFE under the NFA RSA. CFE Rule 801 currently provides that matters subject to arbitration will be arbitrated in accordance with Chapter XVIII of the rules of Chicago Board Options Exchange, Incorporated (“CBOE”), a securities exchange affiliate of CFE. Effective January 1, 2015, NFA will administer Exchange matters subject to arbitration. Accordingly, the Amendment amends Rule 801 to provide that matters subject to arbitration will be arbitrated in accordance with NFA’s arbitration rules.

In addition, the Amendment includes a Third Addendum to the NFA RSA (“NFA RSA Addendum”), which is set forth in Exhibit A to this rule certification. The NFA RSA Addendum updates the existing NFA RSA to provide that NFA will provide arbitration services to the Exchange.

CFE believes that the Amendment is consistent with Designated Contract Market Core Principle 14 (Dispute Resolution) under Section 5 of the Act in that the Amendment will enable CFE to provide facilities for alternative dispute resolution by providing for NFA to administer arbitration services for the Exchange.

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 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 Amendment, marked to show additions in underlined text and deletions in [bracketed] text, consists of the following:

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

\* \* \* \* \*

#### **CFE Rule 801. Matters Subject to Arbitration; Incorporation by Reference**

(a) Matters subject to arbitration under this Chapter 8:

(i) Any dispute, claim or controversy for which arbitration is sought by a Customer against a Trading Privilege Holder (including Related Parties) or by a Trading Privilege Holder (including Related Parties) against a Customer, shall be arbitrated in accordance with NFA's Code of Arbitration ("Code"), subject to the Arbitration Fees set forth in NFA's Member Arbitration Rules ("Member Rules"), provided that:

(A) The arbitration filing satisfies the timeliness requirements set forth in Section 5 and 6 of the Code;

(B) The dispute, claim or controversy arises out of any transaction executed on or subject to the Rules of the Exchange and is executed or effected through the Trading Privilege Holder;

(C) The matter does not require for adjudication the presence of essential witnesses or third parties over whom the Exchange does not have jurisdiction and who are not otherwise available, and

(D) If the claim is brought by the Trading Privilege Holder (including a Related Parties) against a Customer, the Trading Privilege Holder (including Related Parties) has satisfied the requirements of Commission Rule 166.5, if applicable, or the Customer has consented to the arbitration.

(ii) Any dispute, claim or controversy brought by a Trading Privilege Holder or Related Party against another Trading Privilege Holder or Related Party in connection with or otherwise related to the Exchange business of such parties shall be arbitrated in accordance with the Member Rules, provided the arbitration filing satisfies the timeliness requirements set forth in Sections 4 and 5 of the Member Rules.

(b) All challenges to the appropriateness of submitting a matter to arbitration under this Chapter 8 shall be decided in accordance with the Code in relation to matters brought under Rule 801(a)(i) and in accordance with the Member Rules in relation to matters brought under Rule 801(a)(ii).

(c) Notwithstanding anything to the contrary set forth in the Code and Member Rules: Trading Privilege Holders shall comply with the forum election and notice provisions set forth in

Commission Regulations § 166.5(c)(3)-(5) to the extent required to do so. Parties to any matter arbitrated under this Chapter shall be provided with an opportunity for a prompt hearing under, and in accordance with, the Code and Member Rules. The procedures for resolving an arbitration between or among parties who are Trading Privilege Holders or Related Parties shall be independent of, and shall not interfere with or delay, the resolution of Customer claims or grievances in an arbitration under this Chapter 8.

(d) The Code and Member Rules, as they may be amended or modified from time to time, are hereby incorporated by reference into this Chapter 8.

[(a) Matters that may be subject to arbitration under this Chapter 8 shall include:

(i) any dispute, claim or controversy arising between a Customer and a Trading Privilege Holder (including its Related Parties) that (A) arises out of any transaction executed on or subject to the Rules of the Exchange, (B) is executed or effected through a Trading Privilege Holder, and (C) does not require for adjudication the presence of essential witnesses or third parties over whom the Exchange does not have jurisdiction and who are not otherwise available (*provided* that no such dispute, claim or controversy shall be subject to arbitration under this Chapter 8 without such Customer's prior written consent given in accordance with Commission Regulation § 166.5); and

(ii) any dispute, claim or controversy arising between or among parties who are Trading Privilege Holders or Related Parties in connection with, or otherwise related to, the Exchange business of such parties.

Any matter that may be subject to arbitration under this Chapter 8 shall be arbitrated under this Chapter 8 only upon the request of any such party and upon the approval of the Director of Arbitration. Any matter arbitrated under this Chapter 8 shall be arbitrated in accordance with Chapter XVIII of the CBOE rules, as such rules may be amended or otherwise modified from time to time, unless otherwise provided under this Chapter 8. Such rules shall apply to any such dispute, claim or controversy with any such changes as may be necessary or appropriate under the circumstances. Chapter XVIII of the CBOE rules is hereby incorporated by reference into this Chapter 8; *provided* that any reference in such rules to the "Director of Arbitration" or the "Arbitration Committee" shall be deemed to refer to the Director of Arbitration or the Arbitration Committee, as applicable, of the Exchange.

(b) Notwithstanding anything to the contrary set forth in Chapter XVIII of the CBOE rules: Trading Privilege Holders shall comply with the forum election and notice provisions set forth in Commission Regulations § 166.5(c)(3)-(5) to the extent required to do so. Parties to any matter arbitrated under this Chapter shall be provided with an opportunity for a prompt hearing under, and in accordance with, Chapter XVIII of the CBOE rules. No Trading Privilege Holder shall bring a counterclaim against any Customer which is not an "eligible contract participant" as defined under the Act in an arbitration proceeding under this Chapter 8 unless the requirements set forth in Commission Regulation § 166.5(f) are satisfied. The procedures for resolving an arbitration between or among parties who are Trading Privilege Holders or Related Parties shall be independent of, and shall not interfere with or delay, the resolution of Customer claims or grievances in an arbitration under this Chapter 8.

(c) If a party to a dispute, in an answer, reply or other written response to a request for arbitration, challenges the appropriateness of submitting a matter to arbitration under this Chapter

8, the Director of Arbitration shall serve upon the parties written notice of his or her decision to accept or reject the matter for arbitration. The decision by the Director of Arbitration to accept or reject a matter for arbitration shall, at the request of any party to the dispute, be subject to review by the Board or a panel of the Board. Requests for review must be submitted in writing to the Secretary within 10 calendar days from receipt of notice of the decision by the Director of Arbitration.

(d) No dispute, claim or controversy shall be eligible for submission to arbitration under this Chapter 8 where the time period specified in CBOE Rule 18.6, as such rule may be amended from time to time, shall have elapsed from the occurrence or event giving rise to the act or the dispute, claim or controversy. This Rule 801(d) shall not extend any applicable statutes of limitation, nor shall it apply to any case which is directed to arbitration by a court of competent jurisdiction.]

\* \* \* \* \*

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-2014-27 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, flowing style with a large initial "J".

By: James F. Lubin  
Senior Managing Director

**EXHIBIT A**

**THIRD ADDENDUM TO  
SCHEDULES A AND B OF REGULATORY SERVICES AGREEMENT**

National Futures Association (“NFA”) and CBOE Futures Exchange, LLC (“Exchange”) hereby agree that this Addendum (“Third Addendum”), dated as of January 1, 2015, shall be incorporated into and modify Schedule A and Schedule B of the Regulatory Services Agreement (“RSA”), dated as of April 9, 2009, by and between NFA and Exchange, as amended.

NFA and the Exchange desire to add Arbitration Services to the services provided by NFA under the RSA. The amendments to the RSA to effectuate this change are set forth below.

1. Section VII is added to Schedule A of the RSA as follows:

**“VII. Arbitration Services.**

NFA shall offer its arbitration forum for the resolution of customer vs. Exchange Trading Privilege Holder (“TPH”) disputes and Exchange TPH vs. Exchange TPH disputes that must or may be arbitrated pursuant to Exchange’s rules governing arbitrations. For this purpose, Exchange TPH includes Related Parties of an Exchange TPH.”

2. Section D is added to Schedule B of the RSA as follows:

“D. For all Exchange arbitration cases, NFA shall charge all fees currently in effect, or hereinafter amended, in NFA’s Member Arbitration Rules. These charges shall be assessed to the participants in those cases. NFA shall not charge any fees to the Exchange in connection with performing Arbitration Services under this Agreement.”

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed in their names as of the date above written.

NATIONAL FUTURES ASSOCIATION

CBOE FUTURES EXCHANGE, LLC

By: \_\_\_\_\_  
Authorized Representative

By: \_\_\_\_\_  
Authorized Representative

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_