



EXECUTE SUCCESS™

April 16, 2015

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-2015-009

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 amend CFE Policy and Procedure XIII (CBOE Holdings, Inc. and Subsidiaries Regulatory Independence Policy for Regulatory Group Personnel) and CFE Policy and Procedure XIV (CBOE Holdings, Inc. and Subsidiaries Regulatory Independence Policy for Non-Regulatory Group Personnel) (collectively, “Regulatory Independence Policies”) to incorporate clarifying changes. The Amendment will become effective on April 30, 2015.

CFE, Chicago Board Options Exchange, Incorporated (“CBOE”), and C2 Options Exchange, Inc. (“C2”) are wholly-owned subsidiaries of CBOE Holdings, Inc. (“CBOE Holdings”). CBOE Holdings, CBOE, C2, and CFE previously adopted the Regulatory Independence Policies, and CFE incorporated them into the Policies and Procedures section of the CFE Rulebook. CBOE Holdings, CBOE, C2, and CFE have now adopted clarifying changes to the Regulatory Independence Policies, and the Amendment incorporates those changes into the above-referenced CFE Policies and Procedures. The changes to the Policies are intended to incorporate reference to the regulatory services performed by the Financial Industry Regulatory Authority, Inc. (with respect to CBOE and C2) and the National Futures Association (with respect to CFE) and to make clear that the Policies apply with respect to employees of a regulatory services provider providing regulatory services in the same manner that they apply with respect to Exchange regulatory employees. The Amendment also includes other non-substantive, clarifying changes to the Policies.

CFE believes that the Amendment is consistent with Designated Contract Market Core Principle 16 (Conflicts of Interest) under Section 5 of the Act in that the Amendment clarifies CFE’s Regulatory Independence Policies for Non-Regulatory and Regulatory Group Personnel and thus contributes to minimizing conflicts of interest in the decision-making process of CFE.

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  
Policies and Procedures**

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**CFE Policy and Procedure XIII. CBOE Holdings, Inc. and Subsidiaries Regulatory Independence Policy for Regulatory Group Personnel**

**Introduction**

This policy applies to all employees of the Regulatory Group.<sup>1</sup> [Services Division of Chicago Board Options Exchange, Incorporated (“CBOE”) and any employee of any of the CBOE Companies (as that term is defined below) who is performing services for the Regulatory Services Division, including, when providing such services, CBOE’s General Counsel and enforcement attorneys as well as systems and database personnel who are assigned to work on matters for the Regulatory Services Division. The personnel subject to this policy are referred to collectively as the “Regulatory Group.”]

The Regulatory Group is responsible for performing the regulatory function for Chicago Board Options Exchange, Incorporated (“CBOE”), C2 Options Exchange, Incorporated (“C2”), [CBOE Stock Exchange (which is a facility of CBOE) (“CBSX”)] and CBOE Futures Exchange, LLC (“CFE”) [and for performing regulatory services for other self-regulatory organizations].<sup>2</sup> CBOE

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<sup>1</sup> For purposes of this policy, the Regulatory Group includes (i) all regulatory employees of any CBOE Company; (ii) any employee of any CBOE Company who is performing services for the Regulatory Group, including, when providing such services, CBOE’s General Counsel as well as systems and database personnel who are assigned to work on matters for the Regulatory Group, and (iii) employees of a regulatory services provider providing regulatory services for a CBOE Company pursuant to a Regulatory Services Agreement (“RSA”).

<sup>2</sup> CBOE and C2 are self-regulatory organizations under the Securities and Exchange Act of 1934 (“Act”), and each is required to enforce compliance by its trading permit holders and their associated persons with the provisions of the Act, the SEC’s rules and regulations, that exchange’s rules, and certain rules of the Federal Reserve Board and The Options Clearing Corporation. CFE is a designated contract market under the Commodity Exchange Act (“CEA”) and is required to enforce compliance by its trading privilege holders and their related parties with the CEA, the regulations of the Commodity Futures Trading Commission, CFE’s rules, certain rules of the Federal Reserve Board, certain rules of The Options Clearing Corporation and, to the extent applicable, the Act and rules and regulations promulgated pursuant to the Act.

Holdings, Inc. is the parent of CBOE, C2 and CFE; and those entities, along with [CBSX and] any other CBOE Holdings, Inc. subsidiaries, are referred to collectively in this policy as the “CBOE Companies.”

CBOE and C2 and the Financial Industry Regulatory Authority, Inc. (“FINRA”) are parties to an RSA pursuant to which FINRA performs certain regulatory services for CBOE and C2. CFE has entered into an RSA with the National Futures Association (“NFA”) pursuant to which the NFA performs certain regulatory services for CFE. This policy applies with respect to employees of a regulatory services provider providing regulatory services to CBOE, C2 or CFE in the same manner that it applies with respect to regulatory employees of a CBOE Company. Notwithstanding that a CBOE Company has entered into an RSA with a regulatory services provider, such as FINRA or NFA, to provide regulatory services, the CBOE Company retains ultimate legal responsibility for, and control of, its self-regulatory responsibilities.

## Purpose

The purpose of this policy is to preserve the independence of the Regulatory Group as it performs regulatory functions for CBOE, C2, [CBSX] and CFE, [and as it performs regulatory services for other self-regulatory organizations] and to avoid even the appearance that the performance of those regulatory functions and services is or can be affected by the business interests of a CBOE Company or the business interests of any trading permit or privilege holder of a CBOE Company.

## The Independence of the Regulatory Group

All regulatory decisions shall be made without regard to the actual or perceived business interests of the CBOE Companies or any of their trading permit or privilege holders.

Regulatory Group personnel shall act to preserve the independence of the Regulatory [Services Division’s] Group’s regulatory functions and may not take any action that could, or reasonably might appear to represent an attempt to, interfere with the independent performance of the Regulatory [Services Division’s] Group’s regulatory functions.

## Communications Regarding Regulatory Matters

All information concerning a regulatory matter (as that term is defined below) involving the Regulatory [Services Division] Group or another regulator shall be treated as confidential and may not be used for any purpose unrelated to the regulatory function of the Regulatory [Services Division] Group. In addition, except as provided below, as required by law, or as specifically authorized by the [Regulatory Services Division’s] Chief Regulatory Officer or [CBOE’s] General Counsel of the applicable CBOE Company, Regulatory Group personnel shall not communicate about any regulatory matter with any person who is not a member of the Regulatory Group.

Regulatory matters include regulatory investigations, examinations, inquiries or complaints either from or about a regulated entity or person concerning existing or anticipated regulatory actions, investigative and surveillance activities of the Regulatory [Services Division] Group, and the planning and development of examination programs and surveillance procedures. Regulatory matters also include any regulatory investigation, examination, inquiry or complaint that is being investigated or brought by the SEC or by any other regulator. Regulatory matters do not include regulatory inquiries about a CBOE Company or its employees or representatives or activities

related to potential legislation, rule-making or general regulatory policies that do not include specific facts about existing or anticipated regulatory investigations, examinations or actions.

As exceptions to the restriction on communications concerning regulatory matters, Regulatory Group personnel may discuss regulatory matters with:

- Personnel of a CBOE Company or committee in order to obtain information reasonably necessary to perform the Regulatory Group's regulatory activities;
- Personnel of a CBOE Company to the extent necessary to allow a CBOE Company to assess whether its operations, procedures or systems should be altered to address an issue arising out of a regulatory matter;
- Other regulators or governmental agencies;
- Regulated entities or persons, provided such communication is reasonably related to either a determination as to whether a regulatory violation has occurred, the resolution of a regulatory matter, or an effort to obtain regulatory compliance;
- Employees and directors of a CBOE Company, provided such communication is limited to conveying the final disposition of a regulatory matter;
- Members of the Regulatory Oversight and Compliance Committees of CBOE and [,] C2, or the Regulatory Oversight Committee of CFE;
- Members of the Business Conduct Committees of CBOE, C2 and CFE;
- Directors of a CBOE Company to the extent that the communication is (i) relevant to the Board's self-regulatory responsibilities, or (ii) related to an appeal from a regulatory decision that the director is involved in deciding;
- Employees of a CBOE Company to the extent relevant either to determining whether an application to become a trading permit or privilege holder should be approved or to a mandatory reporting obligation;
- CBOE lawyers or outside counsel retained to assist with that regulatory matter; or
- [Other self-regulatory organizations to which the Regulatory Services Division is providing regulatory services, provided the communication reasonably pertains to a regulatory matter as to which the Regulatory Services Division is providing such services; or]
- As otherwise approved by the [Regulatory Services Division's] Chief Regulatory Officer or [CBOE's] General Counsel of the applicable CBOE Company.

In addition, Regulatory Group personnel may discuss issues concerning management, budgeting and financial planning issues of the Regulatory [Services Division] Group with directors and employees of the CBOE Companies, provided that those communications do not include specific facts about existing or anticipated regulatory investigations, examinations or actions.

## **Response to Improper Communications**

If a member of the Regulatory Group receives a communication that reasonably could be considered to be a request or a suggestion that business considerations should bear on the handling of a regulatory matter, that person shall immediately report the communication to the Chief Regulatory Officer [of the Regulatory Services Division] and/or [the] General Counsel of the applicable CBOE Company. The Chief Regulatory Officer and General Counsel shall then jointly determine how to ensure that the improper communication does not improperly affect the regulatory process.

## **Violations of the Policy**

Any violation of this policy shall be subject to appropriate disciplinary action, which may include the termination of employment.

## **CFE Policy and Procedure XIV. CBOE Holdings, Inc. and Subsidiaries Regulatory Independence Policy for Non-Regulatory Group Personnel**

### **Summary**

This policy is designed to preserve the independence of [CBOE's] the Regulatory [Services Division] Group by prohibiting certain communications between directors or non-regulatory employees of a CBOE Company<sup>1</sup> and [CBOE regulatory] Regulatory Group personnel concerning regulatory matters.<sup>2</sup>

Subject to the exceptions described below, this policy:

1. Prohibits directors and non-regulatory employees of a CBOE Company from discussing issues related to regulatory matters with [CBOE regulatory] Regulatory Group personnel;
2. Prohibits directors and non-regulatory employees of a CBOE Company from communicating with [CBOE's regulatory] Regulatory Group personnel about regulatory issues, questions or complaints that a regulated person or entity has raised about regulatory matters;
3. Provides that, if a director or non-regulatory employee of a CBOE Company is contacted by a regulated person or entity regarding a regulatory matter, the response to such a

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<sup>1</sup> Reference to “CBOE Company” in this policy means CBOE Holdings, Inc.; its subsidiaries Chicago Board Options Exchange, Incorporated (“CBOE”), C2 Options Exchange, Incorporated (“C2”), and CBOE Futures Exchange, LLC (“CFE”); and all other subsidiaries or affiliates of CBOE Holdings, Inc.

<sup>2</sup> For purposes of this policy, the Regulatory Group includes (i) all regulatory employees of any CBOE Company; (ii) any employee of any CBOE Company who is performing services for the Regulatory Group, including, when providing such services, CBOE’s General Counsel as well as systems and database personnel who are assigned to work on matters for the Regulatory Group, and (iii) employees of a regulatory services provider providing regulatory services for a CBOE Company pursuant to a Regulatory Services Agreement (“RSA”).

communication must be limited to advising the person or entity to contact the Chief Regulatory Officer of the [Regulatory Services Division] applicable CBOE Company or to call the Regulatory [Services Division's] Group's [hotline] complaint line at 312-786-7261.

## Purpose

The purpose of this policy is to preserve the independence of the Regulatory [Services Division] Group as it performs its regulatory functions and to avoid even the appearance that the performance of those regulatory functions is or can be affected by the business interests of any CBOE Company or the business interests of any trading permit or privilege holder of any CBOE Company.<sup>3</sup>

## Persons Subject to the Policy

This policy applies to all directors and non-regulatory employees of a CBOE Company. [CBOE Holdings, Inc., its subsidiary, Chicago Board Options Exchange, Incorporated (“CBOE”), and all other subsidiaries or affiliates of CBOE Holdings, Inc. All of those entities are collectively referred to in this policy as the “CBOE Companies.”]

## Regulatory Services Agreements

CBOE and C2 and the Financial Industry Regulatory Authority, Inc. (“FINRA”) are parties to an RSA pursuant to which FINRA performs certain regulatory services for CBOE and C2. CFE has entered into an RSA with the National Futures Association (“NFA”) pursuant to which the NFA performs certain regulatory services for CFE. This policy applies with respect to employees of a regulatory services provider providing regulatory services to CBOE, C2 or CFE in the same manner that it applies with respect to regulatory employees of a CBOE Company. Notwithstanding that a CBOE Company has entered into an RSA with a regulatory services provider, such as FINRA or NFA, to provide regulatory services, the CBOE Company retains ultimate legal responsibility for, and control of, its self-regulatory responsibilities.

[CBOE’s Regulatory Services Division is responsible for performing the regulatory functions of CBOE, C2, CBSX and CFE and for performing regulatory services for other self-regulatory organizations. For purposes of this policy, the Regulatory Services Division shall be deemed to include any employee of any CBOE Company who is performing services for the Regulatory Services Division, including, when providing such services, CBOE’s General Counsel and enforcement attorneys as well as systems and database personnel who are assigned to work on

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<sup>3</sup> CBOE and C2 [Options Exchange, Incorporated (“C2”)] are self-regulatory organizations under the Securities and Exchange Act of 1934 (“Act”), and each is required to enforce compliance by its trading permit holders and their associated persons with the provisions of the Act, the SEC’s rules and regulations, that exchange’s rules, and certain rules of the Federal Reserve Board and The Options Clearing Corporation. [CBOE Futures Exchange, LLC (“]CFE[“)] is a designated contract market under the Commodity Exchange Act (“CEA”) and is required to enforce compliance by its trading privilege holders and their related parties with the CEA, the regulations of the Commodity Futures Trading Commission, [the] CFE’s rules, certain rules of the Federal Reserve Board, certain rules of The Options Clearing Corporation and, to the extent applicable, the Act and rules and regulations promulgated pursuant to the Act.

matters for the Regulatory Services Division. The employees of the Regulatory Services Division and the personnel referred to in the preceding sentence are referred to collectively as the “Regulatory Group.”]

### **The Independence of the Regulatory Group**

No director or employee of any CBOE Company shall take any action that could, or reasonably might appear to represent an attempt to, interfere with the independent performance of the Regulatory [Services Division’s] Group’s regulatory functions or activities.

### **Communications Regarding Regulatory Matters**

Except as otherwise provided below, no director of any CBOE Company or any employee of a CBOE Company engaged in activities outside of the Regulatory Group shall engage in any communications with personnel of the Regulatory Group about any regulatory matter. Regulatory matters include regulatory investigations, examinations, inquiries or complaints either from or about a regulated entity or person concerning existing or anticipated regulatory actions and all investigative and surveillance activities of the Regulatory [Services Division] Group, and the planning and development of examination programs and surveillance procedures. Regulatory matters also include any regulatory investigation, examination, inquiry or complaint that is being investigated or brought by the SEC or any other regulator. Regulatory matters do not include regulatory inquiries about a CBOE Company or its employees or representatives or activities related to potential legislation, rule-making or general regulatory policies that do not include specific facts about existing or anticipated regulatory investigations, examinations or actions.

As exceptions to this restriction, directors and non-Regulatory Group employees of a CBOE Company may discuss regulatory matters with Regulatory Group personnel to the extent such communications are:

- Initiated by the Regulatory Group personnel in order to obtain information reasonably necessary to carry out the Regulatory [Services Division’s] Group’s regulatory activities;
- For the purpose of alerting the Regulatory staff of the applicable CBOE Company [Services Division] to the existence of a possible regulatory violation;
- Between Regulatory Group personnel and members of the Regulatory Oversight and Compliance Committees of CBOE and[.] C2, or the Regulatory Oversight Committee of CFE;
- Between Regulatory Group personnel and directors of a CBOE Company to the extent the communication is relevant to the Board’s self-regulatory responsibilities;
- For the limited purpose of determining whether an application to become a trading permit or privilege holder should be approved or in connection with mandatory reporting obligations;
- For the limited purpose of conveying the final disposition of a regulatory matter;
- Between Regulatory Group personnel and a director of a CBOE Company concerning an appeal from a regulatory decision that the director is involved in deciding;

- Between Regulatory Group personnel and a director of a CBOE Company concerning a regulatory matter involving that director or a firm that employs that director; or
- Authorized by the [Regulatory Group's] Chief Regulatory Officer or [CBOE's] General Counsel of the applicable CBOE Company.

Directors and employees of a CBOE [Affiliate] Company may discuss issues concerning the management, budget and financial planning issues of the Regulatory [Services Division] Group with Regulatory Group personnel, provided that those communications do not include specific facts about existing or anticipated regulatory investigations, examinations or actions.

### **Responding To Communications Regarding Regulatory Matters**

Except as otherwise provided in this policy, no director or employee of any CBOE Company shall inform any Regulatory Group personnel about any issues, questions, concerns or complaints about a regulatory matter or issue raised by a trading permit or privilege holder of any CBOE Company or by any other person or entity.

Except as otherwise provided in this policy, if a regulated person or entity attempts to raise an issue, question, concern or complaint about a regulatory matter or issue related to that regulated person or entity with a director or with an employee of a CBOE Company who is not a member of the Regulatory Group, the response to such a communication shall be limited to advising the person or entity to raise the issue directly with the Chief Regulatory Officer of the [Regulatory Services Division] applicable CBOE Company or to call the Regulatory [Services Division's] Group's complaint line at 312-786-7261. Under no circumstances should any director or any employee who is not a member of the Regulatory Group provide any guidance or advice regarding a regulatory matter. Regulatory Group personnel shall follow the policies of the Regulatory [Services Division] Group regarding when it is appropriate to provide guidance or advice regarding regulatory matters.

### **Violations of the Policy**

Any violation of this policy shall be subject to appropriate disciplinary action, which may include the termination of employment.

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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-2015-009 in any related correspondence.

CBOE Futures Exchange, LLC



By: James F. Lubin  
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