

May 12, 2016

Christopher J. 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-2016-006

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 change the trading hours for Trade at Settlement (“TAS”) transactions in CBOE Volatility Index (“VX”) futures. The Amendment will become effective on or after May 26, 2016, on a date to be announced by the Exchange through the issuance of a circular.

CFE Rule 404A (Trade at Settlement Transactions) defines a TAS transaction as a transaction in a CFE contract at a price equal to the daily settlement price, or a specified differential above or below the daily settlement price, for the contract on a trading day. The actual amount of a TAS transaction price is determined subsequent to the transaction based upon the daily settlement price of the contract. CFE currently permits TAS transactions only in VX futures.

CFE Rule 1202(q) (Contract Specifications - Trade at Settlement Transactions) and Policy and Procedure XIX (Submission Time Frames) of the Policies and Procedures section of the CFE Rulebook currently provide for the following trading hours for TAS transactions in VX futures. The trading hours for all types of TAS transactions in VX futures are during extended trading hours and during regular trading hours until three minutes prior to the close of regular trading hours at the end of a business day. Regular trading hours for VX futures close at 3:15 p.m.<sup>1</sup> so the trading hours for TAS transactions in VX futures currently end three minutes earlier at 3:12 p.m. Additionally, all orders, quotes, cancellations, and order modifications for TAS transactions in VX futures during trading hours must be received by the Exchange by no later than three minutes and one second prior to the close of trading hours at the end of a business day and are automatically rejected if received by the Exchange during trading hours after this cutoff time. This means that the cutoff time for the submission of TAS orders, quotes, cancellations, and order modifications in VX futures is 3:11:59 p.m. TAS transactions are also not permitted in an expiring VX futures contract during the business day of its final settlement date.

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<sup>1</sup> All times referenced are Chicago time.

CFE is amending Rule 1202(q) and Policy and Procedure XIX to change the end of TAS trading hours in VX futures from three minutes prior to the close of regular trading hours at the end of a business day to two minutes prior to the close of regular trading hours at the end of a business day. This means that trading hours for TAS transactions in VX futures will end at 3:13 p.m. instead of 3:12 p.m. There will still be a cut-off time for orders, quotes, cancellations, and order modifications one second before the end of TAS trading hours in VX futures, which will now be at 3:12:59 p.m. instead of 3:11:59 p.m. TAS transactions will also continue not to be permitted in an expiring VX futures contract during the business day of its final settlement date.

Extending the TAS trading hours in VX futures by one minute will provide market participants that engage in TAS transactions toward the end of TAS trading hours a better sense of the likely daily settlement price and how many contracts need to be traded utilizing TAS transactions in order to execute hedging and roll strategies. Additionally, CFE has rules that prohibit trading activity intended to unfairly affect or to attempt to unfairly affect a daily settlement price to benefit TAS positions, including among others, CFE Rule 620 (Disruptive Trading Practices). Accordingly, CFE believes that the Amendment is consistent with Designated Contract Market Core Principles 2 (Compliance with Rules), 9 (Execution of Transactions), and 12 (Protection of Markets and Market Participants) under Section 5 of the Act in that the Amendment contributes to the provision by CFE of a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading in CFE's centralized market and CFE has related rules that contribute to the protection of CFE's market and market participants from abusive practices and to the promotion of fair and equitable trading on 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**  
**Rules**

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**Rule 1202. Contract Specifications**

(a) - (p) No change.

(q) *Trade at Settlement Transactions.* Trade at Settlement ("TAS") transactions pursuant to Rule 404A are permitted in VX futures and may be transacted on the CBOE System, as spread transactions, as Block Trades (including as spread transactions) and as Exchange of Contract for Related Position transactions. The trading hours for all types of TAS transactions in VX futures are during extended trading hours and during regular trading hours until [three] two minutes prior to the close of regular trading hours at the end of a Business Day. TAS transactions in an

expiring VX futures contract are not permitted during the Business Day of its final settlement date. All Orders, quotes, cancellations and Order modifications for TAS transactions during trading hours must be received by the Exchange by no later than [three] two minutes and one second prior to the close of trading hours at the end of a Business Day and will be automatically rejected if received by the Exchange during trading hours after this cutoff time. Any TAS Block Trade or TAS Exchange of Contract for Related Position transaction reported to the Exchange later than [three] two minutes prior to the close of regular trading hours at the end of a Business Day may only be for the next Business Day.

The permissible price range for all types of TAS transactions in VX 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 VX futures that are transacted on the CBOE System is 0.01 index points and the permissible minimum increment for TAS spread transactions in VX futures is 0.01 index points. The permissible minimum increment for TAS Block Trades (including as spread transactions but not as a strip) and TAS Exchange of Contract for Related Position transactions in VX futures is 0.005 index points.

(r) - (s) No change.

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**CBOE Futures Exchange, LLC  
Policies and Procedures**

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**XIX. Submission Time Frames (Rule 402(c))**

All times referenced in this Policy and Procedure are Chicago time.

**A. CBOE Volatility Index (“VX”) Futures Submission Time Frames**

The time frames during which Trading Privilege Holders may submit quotes, orders, cancels, and order modifications (“modifications”) to the CBOE System for VX futures are set forth in the chart below.

Time Frame	State of CFE’s Trading System	What May be Submitted to CFE’s Trading System
4: 15 p.m.* to 5:00 p.m. (Sunday)	Pre-Opening Period (“Pre-Open”)	Quotes, orders, cancels and modifications.**
5:00 p.m. (Sunday) to 8:30 a.m. (Monday)	Extended Trading Hours	Quotes, orders, cancels and modifications.

8:30 a.m. to 3:15 p.m. (Monday – Friday)	Regular Trading Hours	Quotes, orders, cancels and modifications until 3:14:59 p.m. (submission cut off time).  After 3:15 p.m. all existing quotes are removed from the CBOE System.
3:15 p.m. to 3:29 p.m. (Monday – Thursday)	Closed	It may be possible for cancels to be submitted during portions of this time period.
3:15 p.m. (Friday) to 4:15 p.m. (Sunday)	Closed	Nothing, except that it may be possible for cancels to be submitted for some period of time after 3:15 p.m. on Friday and for some period of time before 4:15 p.m. on Sunday.
3:29 p.m.* to 3:30 p.m. (Monday – Thursday)	Pre-Open	Quotes, orders, cancels and modifications.**
3:30 p.m. (previous day) to 8:30 a.m. (Tuesday – Friday)	Extended Trading Hours	Quotes, orders, cancels and modifications.  Quotes, orders, cancels and modifications until 7:59:59 a.m. (submission cut-off time) in expiring VX future on its final settlement date
5:00 p.m. (Sunday) to [3:12] 3:13 p.m. (Monday)	Extended and Regular Trading Hours for all types of Trade at Settlement (“TAS”) transactions in VX futures	Quotes, orders, cancels and modifications until [3:11:59] 3:12:59 p.m. (submission cut off time).  After [3:12] 3:13 p.m. all existing TAS quotes are removed from the CBOE System.
3:30 p.m. (previous day) to [3:12] 3:13 p.m. (Tuesday – Friday)		Permitted activity in Pre-Open states above is also applicable with respect to TAS quotes,

		orders, cancels and modifications.
Whenever trading in VX futures is halted	Halted	Orders, cancels and modifications.**  No quotes.

\* The pre-open state start times referenced are the times that the CBOE System commences its pre-opening process. Accordingly, the CBOE System may not be in a full pre-open state at exactly 4:15:00 p.m. on Sundays or at exactly 3:29:00 p.m. on Monday through Friday.

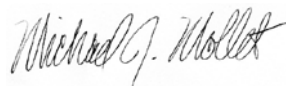
\*\*Quotes and/or orders permitted to be submitted to the CBOE System during these times are not executable until extended or regular trading hours next commence or open trading resumes following a trading halt.

**B. - E.**            No change.

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Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 or Nicole Gordon at (312) 786-8109. Please reference our submission number CFE-2016-006 in any related correspondence.

CBOE Futures Exchange, LLC



By:    Michael J. Mollet  
       Managing Director