



December 14, 2017

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-2017-029

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 under the Act, Cboe Futures Exchange, LLC (“CFE”) hereby submits updated CFE Fee Schedules for fees filed with the Commission (“Amendment”). The first updated CFE Fee Schedule reflects fee changes required to be filed with the Commission that will become effective on January 1, 2018. The second updated CFE Fee Schedule reflects fee changes required to be filed with the Commission that will become effective on February 1, 2018. CFE is submitting both sets of fee changes to the Commission now so that market participants are aware of these fee changes leading up to the planned migration of CFE’s trading system to Bats technology which is planned for Sunday, February 25, 2018 for the business date of Monday, February 26, 2018.

The fee changes required to be filed with the Commission included in the CFE Fee Schedule that will become effective on January 1, 2018 include:

- a change to trading permit fees from an annual \$6,000 fee to a monthly \$500 fee; and
- a non-substantive change to the provision of the Fee Schedule that permits CFE to designate which fees are collected through the drafting of Clearing Member accounts at the Clearing Corporation utilized by CFE.

The fee changes required to be filed with the Commission included in the CFE Fee Schedule that will become effective on February 1, 2018 include:

- a change to trading permit fees such that the monthly fee(s) for a trading permit will be based on the capacity or capacities of a Trading Privilege Holder on CFE;
- a description of the manner in which CFE fees that are changing in connection with the migration of CFE’s trading system to Bats technology will be assessed, including that:
 - the CFE fees that are changing in connection with the migration will be assessed starting on February 1, 2018 for the entire month of February 2018

in order to avoid assessing two different sets of fees for portions of February 2018;

- any pre-migration fees which are changing in connection with the migration will not be assessed for February 2018; and
- starting with March 2018 invoices, CFE fees will be invoiced at the beginning of each month for the previous month of service;
- a change to terminology from login to EFID that will become effective upon the migration of CFE's trading system to Bats technology; and
- a description of the manner in which monthly and quarterly CFE fees will be prorated, including that:
 - a monthly or quarterly fee under the CFE Fee Schedule will generally be prorated for the initial month or quarter in which it is applicable; and
 - a monthly or quarterly fee under the CFE Fee Schedule will not be prorated for the final month or quarter in which it is applicable (unless that final month or quarter is the same as the initial month or quarter in which the fee is applicable).

CFE believes that the Amendment is consistent with Designated Contract Market ("DCM") Core Principles 2 (Compliance with Rules) and 7 (Availability of General Information) under Section 5 of the Act because the amended fees are equitable and do not unfairly discriminate and the Amendment sets forth in a clear and transparent way the manner in which CFE applies its fees.

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 it 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 consists of the following two attachments which are marked to show additions in underlined text and deletions in [bracketed] text:

- The first attachment is the CFE Fee Schedule for fees required to be filed with the Commission that will become effective on January 1, 2018. It reflects changes from current CFE fees that are required to be filed with the Commission.
- The second attachment is the CFE Fee Schedule for fees that are required to be filed with the Commission that will become effective on February 1, 2018. It reflects changes from the January 1, 2018 CFE Fee Schedule for fees required to be filed with the Commission.

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-2017-

029 in any related correspondence.

Cboe Futures Exchange, LLC

[/s/ Andrew Lowenthal](#)

By: Andrew Lowenthal
Senior Managing Director

CFE Fee Schedule¹
For Fees Filed with the Commodity Futures Trading Commission
Effective January 1, [2017] 2018

- 1.a. Transaction Fees in Cboe Volatility Index (VX) Futures, Cboe Russell 2000 Volatility Index (VU) Futures, and Cboe/CBOT 10-Year U.S. Treasury Note Volatility Index (VXTY) Futures: Per Contract Side
- | | |
|---|--|
| A. CFE TPH Permit Holder ² | |
| 1. Non-Cboe Options trading permit holder | \$1.00 |
| B. Customer | \$1.40 |
| C. Day Trade ³ | 55% of generally applicable transaction fee/No Day Trade discount for VXTY futures |
| D. Block Trade ⁴ | \$1.00 |
- (Fee is in addition to other applicable transaction fees)
- 1.b. Transaction Fees in S&P 500 Variance (VA) Futures:
- Standard Transactions By contract side per 1,000 Vega Notional

A. CFE TPH Permit Holder ³	
1. Cboe Options trading permit holder	\$4.00
2. Non-Cboe Options trading permit holder	\$4.00
B. Customer	\$8.00
C. Block Trade	\$1.00

(Fee is in addition to other applicable transaction fees. Block Trades are not permitted in stub positions in S&P 500 Variance Futures)

CFE assesses the Transaction Fees set forth above to the Clearing Member for the execution that is identified on the trade record for the applicable transaction, regardless of whether the trade is given up to another Clearing Member for clearing and regardless of whether a different Clearing Member has been identified as the designated Clearing Member under the Integrated Billing System by the CFE TPH that executed the trade.

2. Trading Permit Fees:⁵ Amount⁶
- | | |
|---|-----------------------------------|
| A. Order Entry Trading Permit | [\$6,000/year] <u>\$500/month</u> |
| B. Quoting and Order Entry Trading Permit | [\$6,000/year] <u>\$500/month</u> |
3. Application Fees: Amount
- | | |
|---|---------------------|
| A. Cboe Options trading permit holder | Waived |
| B. Individual Non-Cboe Options trading permit holder ⁷ | \$500 |
| C. Organization Non-Cboe Options trading permit holder ⁸ | \$1,000 |
| D. Investigation Fee ⁸ | \$135/Investigation |

Every Trading Privilege Holder must designate a Clearing Member for the payment by means of the integrated billing system ("IBS") of the Trading Privilege Holder's Exchange [invoices] fees designated by the Exchange (other than for Transaction Fees) and vendor [invoices] fees for Exchange-related services designated by the Exchange. The designated Clearing Member shall pay to the Exchange on a timely basis any amount that is not disputed pursuant to IBS procedures by the Trading Privilege Holder that is directly involved. Such payments shall be collected by the

Exchange against the designated Clearing Member's account at the Clearing Corporation. Exchange Transaction Fees are also assessed pursuant to the IBS to the Clearing Member for the execution that is identified on the trade record for the applicable transaction. The Clearing Corporation shall have no liability in connection with forwarding to the Exchange payments drafted pursuant to the IBS.

¹ Any potential billing errors relating to fees assessed by CFE must be brought to the attention of CFE's Accounting Department within 90 days from the invoice date. All fees assessed shall be deemed final and non-refundable after 90 days from the invoice date if notice of a potential billing error is not provided within that time frame. The Exchange is not precluded from assessing fees more than 90 days after they were incurred if those fees were required to be paid pursuant to the CFE Fee Schedule in effect at the time the fees were incurred.

² A Trading Privilege Holder ("TPH") is only eligible to receive a CFE TPH Permit Holder rate for transactions resulting from the execution of orders and quotes that are submitted through that TPH's own login(s) to CFE's trading system or that TPH's own login(s) to CFE's trading system that are established through an Independent Software Vendor. Otherwise, the TPH's transactions are subject to the Customer rate.

³ In order for the Day Trade fee to be applicable with respect to transactions by or on behalf of an account of an ultimate account holder for a particular trading month in a CFE product eligible for the Day Trade fee, the ultimate account holder's account must meet the applicable monthly trading volume threshold below in that trading month:

<u>Contract</u>	<u>Monthly Trading Volume Threshold</u>
VX futures	20,000 contracts in VX futures
VU futures	10,000 contracts in VU futures

For those transactions in a product above in excess of the monthly trading volume threshold, CFE will rebate 45% of the generally applicable transaction fees that are assessed for those contract purchases and sales by or on behalf of the ultimate account holder's account that qualify as Day Trades. Transactions in VA futures and VXTY futures do not qualify as Day Trades. The rebate shall occur at the end of the applicable trading month for those Day Trades that qualify for the rebate during the applicable trading month.

A Day Trade consists of two or more transactions on CFE on the same trading day in which a market participant buys and sells, or sells and buys, a particular number of contracts in a particular CFE product for a particular contract month. For example, if a market participant bought 10 December VX futures contracts and sold 10 December VX futures contracts on the same trading day, those transactions would constitute a Day Trade and would result in a rebate equal to 45% of the generally applicable transaction fee for all 20 contracts. Similarly, if a market participant sold 10 March VX futures contracts and bought 15 March VX futures contracts on the same trading day, those transactions would constitute a Day Trade with respect to the 10 contracts sold and with respect to 10 of the 15 contracts bought. In this example, the rebate would be equal to 45% of the generally applicable transaction fee for 20 of the 25 contracts.

Determination of monthly trading volume and Day Trade fee rebates are made with respect to transactions by or on behalf of the account of an ultimate account holder and transactions by or on behalf of different ultimate account holders or different accounts of the same ultimate account holder may not be aggregated for purposes of meeting the monthly trading volume threshold or receiving Day Trade fee rebates. Day Trade fee rebates are made to the Clearing Member that is originally assessed the generally applicable transaction fees for the Day Trade transactions at the time they occur through the payment of the rebates to that Clearing Member.

In order to be eligible for the Day Trade fee, market participants are required to provide a written notification to CFE in a form and manner prescribed by CFE with the following information: (i) a request to have the Day Trade fee apply to transactions by or on their behalf, (ii) the CFE product(s) for which Day Trade fee rebates are requested, and (iii) the account(s) in which Day Trades will occur. Other than as provided in the following paragraph, the application of the Day Trade fee to a market participant for a product or account begins at the start of the next trading month following receipt of this notification by CFE. Market participants shall also provide any supplemental documentation requested by CFE to substantiate that contract purchases and sales qualify as Day Trades in order for Day Trade fee rebates to

apply to those transactions. Failure to promptly provide notice of any changes to information provided to CFE for purposes of receiving Day Trade fee rebates, including account number changes and additions, and supplemental documentation requested by CFE may result in ineligibility for the applicable rebates.

In the event that a market participant's account is transferred from a Clearing Member to an affiliated Clearing Member or from a Clearing Member to an unaffiliated Clearing Member in connection with a transaction or agreement between the Clearing Members involving the transfer of accounts between the Clearing Members, the following shall be applicable: The account at the new Clearing Member will be treated as the same account as the account at the original Clearing Member for purposes of the Day Trade fee during the trading month in which the transfer occurs, provided that the market participant provides a written notification to CFE in a form and manner prescribed by CFE of the change in account prior to the end of that trading month.

⁴ Block Trade fees for Trade at Settlement ("TAS") transactions executed as Block Trades are capped at \$500.00 per trading day for each TPH.

⁵ [The annual Trading Permit fees are assessed at the beginning of each calendar year. If a Trading Permit is obtained during a calendar year, the annual Trading Permit fee will be assessed at the prorated amount of \$500 per month for all months remaining in the calendar year and will be assessed beginning with the month in which the Trading Permit is obtained. The annual Trading Permit fees are nonrefundable, including in the event that a Trading Privilege Holder relinquishes a Trading Permit during a calendar year. If a Trading Privilege Holder relinquishes a Trading Permit during a calendar year and reinstates that Trading Permit within 30 days following the date of its relinquishment, the Trading Privilege Holder will not be required to pay an additional pro-rated annual Trading Permit fee for that Trading Permit for that calendar year.] A Pool Manager may obtain a single Trading Permit for the Pool Manager and all of the Pools approved under Rule 305A for which it acts as Pool Manager. If there is more than one Pool Manager for a Pool or Pools, the Pool Managers for the Pool(s) may obtain a single Trading Permit for the Pool Managers and all of the Pools approved under Rule 305A for which they act as Pool Manager.

⁶ If any monthly or quarterly fee under the CFE Fee Schedule is incurred during a month or quarter, the fee for the entire month or quarter will be billed and will not be prorated.

⁷ A Non-Cboe Options Trading Permit Holder application fee is not applicable if a former Trading Privilege Holder applies for reinstatement as a Trading Privilege Holder within 30 days of termination as a Trading Privilege Holder.

⁸ This fee is assessed for each investigation that is conducted of any Trading Privilege Holder applicant; any executive officer or authorized signatory of an applicant; and any executive officer or authorized signatory added by an existing Trading Privilege Holder.

CFE Fee Schedule^{1, 2}
Effective [January] February 1, 2018

- 1.a. Transaction Fees in Cboe Volatility Index (VX) Futures, Cboe Russell 2000 Volatility Index (VU) Futures, and Cboe/CBOT 10-Year U.S. Treasury Note Volatility Index (VXTY) Futures:
- | | <u>Per Contract Side</u> |
|---|--|
| A. CFE TPH Permit Holder ³ | |
| 1. Non-Cboe Options trading permit holder | \$1.00 |
| B. Customer | \$1.40 |
| C. Day Trade ⁴ | 55% of generally applicable transaction fee/No Day Trade discount for VXTY futures |
| D. Block Trade ⁵ | \$1.00 |
| (Fee is in addition to other applicable transaction fees) | |
- 1.b. Transaction Fees in S&P 500 Variance (VA) Futures:
- Standard Transactions
- | | <u>By contract side per 1,000 Vega Notional</u> |
|---|---|
| A. CFE TPH Permit Holder ³ | |
| 1. Cboe Options trading permit holder | \$4.00 |
| 2. Non-Cboe Options trading permit holder | \$4.00 |
| B. Customer | \$8.00 |
| C. Block Trade | \$1.00 |
| (Fee is in addition to other applicable transaction fees. Block Trades are not permitted in stub positions in S&P 500 Variance Futures) | |
- CFE assesses the Transaction Fees set forth above to the Clearing Member for the execution that is identified on the trade record for the applicable transaction, regardless of whether the trade is given up to another Clearing Member for clearing and regardless of whether a different Clearing Member has been identified as the designated Clearing Member under the Integrated Billing System by the CFE TPH that executed the trade.
2. Trading Permit Fees:⁶
- | | <u>Amount</u> ⁷ |
|---|----------------------------|
| [A. Order Entry Trading Permit] | [\$500/month] |
| [B. Quoting and Order Entry Trading Permit] | [\$500/month] |
| <u>A. Clearing Member</u> | <u>\$100/month</u> |
| <u>B. Proprietary Trading/Pool Manager/
Pooled Investment Vehicle</u> | <u>\$600/month</u> |
| <u>C. Retail Brokerage/Executing Brokerage</u> | <u>\$700/month</u> |
3. Applications Fees:
- | | <u>Amount</u> |
|---|---------------------|
| A. Cboe Options trading permit holder | Waived |
| B. Individual Non-Cboe Options trading permit holder ⁸ | \$500 |
| C. Organization Non-Cboe Options trading permit holder ⁹ | \$1,000 |
| D. Investigation Fee ⁹ | \$135/Investigation |

Every Trading Privilege Holder must designate a Clearing Member for the payment by means of the integrated billing system ("IBS") of the Trading Privilege Holder's Exchange fees designated by the Exchange (other than for Transaction Fees) and vendor fees for Exchange-related services designated by the Exchange. The designated Clearing Member shall pay to the Exchange on a timely basis any amount that is not disputed pursuant to IBS procedures by the Trading Privilege Holder that is directly involved. Such payments shall be collected by the Exchange against the designated Clearing Member's account at the Clearing Corporation. Exchange Transaction Fees are also assessed pursuant to the IBS to the Clearing Member for the execution that is identified on

CFE Fee Schedule
Effective [January] February 1, 2018

the trade record for the applicable transaction. The Clearing Corporation shall have no liability in connection with forwarding to the Exchange payments drafted pursuant to the IBS.

¹ CFE plans to migrate the CFE trading system to Bats technology effective on February 25, 2018. The CFE fees that are changing in connection with the migration will be assessed starting on February 1, 2018 for the entire month of February 2018 to avoid assessing two different sets of fees for portions of February 2018. Any pre-migration fees which are changing in connection with the migration will not be assessed for February 2018. Starting with March 2018 invoices, CFE fees are invoiced at the beginning of each month for the previous month of service.

² Any potential billing errors relating to fees assessed by CFE must be brought to the attention of CFE's Accounting Department within 90 days from the invoice date. All fees assessed shall be deemed final and non-refundable after 90 days from the invoice date if notice of a potential billing error is not provided within that time frame. The Exchange is not precluded from assessing fees more than 90 days after they were incurred if those fees were required to be paid pursuant to the CFE Fee Schedule in effect at the time the fees were incurred.

³ A Trading Privilege Holder ("TPH") is only eligible to receive a CFE TPH Permit Holder rate for transactions resulting from the execution of orders that are submitted [through] with that TPH's own [login(s) to CFE's trading system or that TPH's own login(s) to CFE's trading system that are established through an Independent Software Vendor] EFID(s). Otherwise, the TPH's transactions are subject to the Customer rate.

⁴ In order for the Day Trade fee to be applicable with respect to transactions by or on behalf of an account of an ultimate account holder for a particular trading month in a CFE product eligible for the Day Trade fee, the ultimate account holder's account must meet the applicable monthly trading volume threshold below in that trading month:

<u>Contract</u>	<u>Monthly Trading Volume Threshold</u>
VX futures	20,000 contracts in VX futures
VU futures	10,000 contracts in VU futures

For those transactions in a product above in excess of the monthly trading volume threshold, CFE will rebate 45% of the generally applicable transaction fees that are assessed for those contract purchases and sales by or on behalf of the ultimate account holder's account that qualify as Day Trades. Transactions in VA futures and VXTY futures do not qualify as Day Trades. The rebate shall occur at the end of the applicable trading month for those Day Trades that qualify for the rebate during the applicable trading month.

A Day Trade consists of two or more transactions on CFE on the same trading day in which a market participant buys and sells, or sells and buys, a particular number of contracts in a particular CFE product for a particular contract month. For example, if a market participant bought 10 December VX futures contracts and sold 10 December VX futures contracts on the same trading day, those transactions would constitute a Day Trade and would result in a rebate equal to 45% of the generally applicable transaction fee for all 20 contracts. Similarly, if a market participant sold 10 March VX futures contracts and bought 15 March VX futures contracts on the same trading day, those transactions would constitute a Day Trade with respect to the 10 contracts sold and with respect to 10 of the 15 contracts bought. In this example, the rebate would be equal to 45% of the generally applicable transaction fee for 20 of the 25 contracts.

Determination of monthly trading volume and Day Trade fee rebates are made with respect to transactions by or on behalf of the account of an ultimate account holder and transactions by or on behalf of different ultimate account holders or different accounts of the same ultimate account holder may not be aggregated for purposes of meeting the monthly trading volume threshold or receiving Day Trade fee rebates. Day Trade fee rebates are made to the Clearing Member that is originally assessed the generally applicable transaction fees for the Day Trade transactions at the time they occur through the payment of the rebates to that Clearing Member.

In order to be eligible for the Day Trade fee, market participants are required to provide a written notification to CFE in a form and manner prescribed by CFE with the following information: (i) a request to have the Day Trade fee apply to

CFE Fee Schedule
Effective [January] February 1, 2018

transactions by or on their behalf, (ii) the CFE product(s) for which Day Trade fee rebates are requested, and (iii) the account(s) in which Day Trades will occur. Other than as provided in the following paragraph, the application of the Day Trade fee to a market participant for a product or account begins at the start of the next trading month following receipt of this notification by CFE. Market participants shall also provide any supplemental documentation requested by CFE to substantiate that contract purchases and sales qualify as Day Trades in order for Day Trade fee rebates to apply to those transactions. Failure to promptly provide notice of any changes to information provided to CFE for purposes of receiving Day Trade fee rebates, including account number changes and additions, and supplemental documentation requested by CFE may result in ineligibility for the applicable rebates.

In the event that a market participant's account is transferred from a Clearing Member to an affiliated Clearing Member or from a Clearing Member to an unaffiliated Clearing Member in connection with a transaction or agreement between the Clearing Members involving the transfer of accounts between the Clearing Members, the following shall be applicable: The account at the new Clearing Member will be treated as the same account as the account at the original Clearing Member for purposes of the Day Trade fee during the trading month in which the transfer occurs, provided that the market participant provides a written notification to CFE in a form and manner prescribed by CFE of the change in account prior to the end of that trading month.

⁵ Block Trade fees for Trade at Settlement ("TAS") transactions executed as Block Trades are capped at \$500.00 per trading day for each TPH.

⁶ A TPH shall be entitled to obtain a single Trading Permit. A Pool Manager may obtain a single Trading Permit for the Pool Manager and all of the Pools approved under Rule 305A for which it acts as Pool Manager. If there is more than one Pool Manager for a Pool or Pools, the Pool Managers for the Pool(s) may obtain a single Trading Permit for the Pool Managers and all of the Pools approved under Rule 305A for which they act as Pool Manager. The monthly fee for a Trading Permit is based on the capacity or capacities of the TPH on CFE. There are three categories of capacities specified in the CFE Fee Schedule. If a TPH has capacities in multiple categories, the TPH is assessed the monthly Trading Permit fee for each category. If a TPH has capacities in the same category, the monthly Trading Permit fee for that category covers all capacities in that category and the TPH is not assessed an additional monthly Trading Permit fee for that category. [If any monthly or quarterly fee under the CFE Fee Schedule is incurred during a month or quarter, the fee for the entire month or quarter will be billed and will not be prorated.]

⁷ Subject to note 1, a monthly or quarterly fee under the CFE Fee Schedule will be prorated for the initial month or quarter in which it is applicable, with the exception of Device/Authorized User fees which are not prorated for any month in which they are applicable. A monthly or quarterly fee under the CFE Fee Schedule is not prorated for the final month or quarter in which it is applicable (unless that final month or quarter is the same as the initial month or quarter in which the fee is applicable).

⁸ A Non-Cboe Options Trading Permit Holder application fee is not applicable if a former Trading Privilege Holder applies for reinstatement as a Trading Privilege Holder within 30 days of termination as a Trading Privilege Holder.

⁹ This fee is assessed for each investigation that is conducted of any Trading Privilege Holder applicant; any executive officer or authorized signatory of an applicant; and any executive officer or authorized signatory added by an existing Trading Privilege Holder.