



April 11, 2018

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-2018-005

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 make clarifying changes and updates to the rule changes that became effective in connection with the implementation of a new CFE trading system on February 25, 2018.<sup>1</sup> The effective date of the Amendment will be on April 25, 2018.

Specifically, CFE is amending the following rule provisions within the CFE Rulebook and the Policies and Procedures Section of the CFE Rulebook as described below in order to clarify and update certain aspects of those provisions:

- CFE is adding two defined terms to Chapter 1 (Definitions) of the CFE Rulebook for terms that are utilized within CFE’s rules along with a cross reference to the CFE rule number in which each of these terms is defined. These two terms are “administrator” and “Order Entry Operator ID”. CFE Rule 513(a) defines an administrator as an individual that is an employee or agent of a CFE Trading Privilege Holder (“TPH”) that is designated by the TPH to be an administrator with respect to the use of CFE’s trading system by the TPH (including its authorized traders). CFE Rule 303A describes how an Order Entry Operator ID must be used to identify a natural person responsible for entering an order or an automated trading system that generates an order. CFE is also correcting a cross reference to a defined term in Chapter 1 and referencing in Chapter 1 that “ECRP” is another way to refer to an “Exchange of Contract for Related Position”.
- CFE is amending CFE Rule 302 (Trading Privilege Holders) to augment the definition of Independent Software Vendor (also referred to as a Service Bureau) under CFE rules. Rule 302 currently provides that an Independent Software Vendor is an organization that

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<sup>1</sup> The rule changes related to the implementation of the new CFE trading system were set forth in CFE rule certification filing numbers [CFE-2017-017](#) and [CFE-2018-002](#).

provides connectivity to CFE's trading system on behalf of one or more TPHs for trading activities of the TPH(s). CFE is supplementing this definition to provide that an Independent Software Vendor may also be an organization that obtains connectivity to CFE's trading system in order to receive data made available by CFE that is specific to a particular TPH or Clearing Member on behalf of the applicable TPH(s) or Clearing Member(s). CFE is also making clear in Rule 302 that CFE may prescribe certification and documentation requirements, as well as specifications relating to the establishment and maintenance of CFE trading system connectivity, that must be satisfied in order to act as an Independent Software Vendor. Additionally, CFE is amending Rule 302 to require that each Independent Software Vendor use a separate logical port or ports for each TPH and Clearing Member when receiving data on behalf of TPHs and Clearing Members (and for itself to the extent it receives its own data).

- CFE is amending CFE Rule 305 (Application for Trading Privileges) to make clear that CFE may investigate in a form and manner determined by the Exchange any administrator designated by a TPH applicant and any administrator added by a TPH subsequent to being approved as a TPH. Rule 305 already provides that CFE may investigate executive officers and authorized signatories of TPH applicants and TPHs. Rule 305 also previously provided that CFE could investigate Responsible Traders. The Responsible Trader capacity was a similar capacity to an administrator and has been replaced with the new CFE trading system by the administrator capacity. Similar to executive officers and authorized signatories and previously to Responsible Traders, CFE believes that it is appropriate to also provide that CFE may investigate administrators.
- CFE is amending CFE Rule 305B (Foreign Trading Privilege Holders) to include notice within CFE rules that CFE will serve as an agent of a foreign TPH, or a customer of a foreign TPH, in accordance with Commission Regulation § 15.05 for purposes of accepting delivery and service of any communication issued by or on behalf of the Commission to the foreign TPH or customer with respect to transactions executed by the foreign TPH on CFE.
- CFE is amending CFE Rule 406 (Execution of Orders by CFE System) to make clear that a bunched Order may be submitted into CFE's trading system for more than one Pool account. CFE Rule 305A allows for pooled investment vehicles (defined as Pools under Rule 305A) and their operators, investment managers, and investment advisors (defined as Pool Managers under Rule 305A) to become TPHs. The change to Rule 406 makes clear that a Pool Manager may submit a bunched order for more than one of its Pools, subject to compliance with the applicable requirements related to bunched orders.
- CFE is amending CFE Rule 414 (Exchange of Contract for Related Position) and CFE Rule 415 (Block Trades) to clarify one aspect related to the items of information that are required to be included when reporting an Exchange of Contract for Related Position transaction or a Block Trade to the Exchange. The provisions of those rules which set forth the items of information that must be provided reference Operator ID as one of those items of information. CFE is amending those provisions to replace the references to Operator ID with references to Order Entry Operator ID in order to make clear that it is the Order Entry Operator ID that is being referenced in those provisions. Like the change being made to Chapter 1, CFE is also referencing in Rule 414 that "ECRP" is another way to refer to an Exchange of Contract for Related Position.

- CFE Rule 513 (System Security) provides that a TPH needs to promptly notify the Exchange of changes to the TPH's administrators and their contact information in a form and manner prescribed by the Exchange and promptly designate a replacement administrator to the extent necessary in order to continue to have at least one administrator. CFE is amending Rule 513 to also provide that TPHs need to promptly verify in a frequency, form, and manner requested by the Exchange that the TPH's designated administrators and their contact information remain current.
- CFE Rule 513 also provides that the Exchange may limit the number of messages or the amount of data transmitted by TPHs to CFE's trading system in order to protect the integrity of the system. CFE is amending Rule 513 to provide that, without limiting the generality of the foregoing, TPHs may utilize test symbols in the CFE trading system production environment solely for legitimate testing purposes. Additionally, CFE is amending the title of Rule 513 to be "System Security and Integrity" in order to encompass the aspects of the Rule relating to system integrity and revising the sub-heading within Chapter 5 of the CFE Rulebook immediately prior to Rule 513 in order to reflect this new rule title and other subjects covered in Chapter 5 under this sub-heading.
- CFE is amending CFE Rule 610 (Priority of Customers' Orders) to correct a cross reference to a subsection of Commission Regulation § 1.35.
- CFE is amending Rule 801 (Matters Subject to Arbitration; Incorporation by Reference) to provide that CFE may disclose to the National Futures Association ("NFA") the contact information for a TPH in connection with NFA's administration of an arbitration proceeding pursuant to Chapter 8 of the CFE Rulebook. NFA administers arbitration matters under Chapter 8 on behalf of CFE through NFA's arbitration forum and may need a TPH's contact information in connection with performing that function for an arbitration matter involving that TPH.
- CFE is amending Chapter 13 of the CFE Rulebook relating to Cboe Bitcoin (USD) ("XBT") futures to eliminate some redundant language in Rule 1301, to correct a cross reference to Commission Regulation § 15.04 in Rule 1302(n), and to eliminate a reference to market order price reasonability checks in Rule 1302(r) since market orders are not permitted in XBT futures.
- CFE is amending CFE Policy and Procedure VI (Trading Privilege Holder Permit Program) to revise the requirements relating to the use of Executing Firm IDs ("EFIDs") by Pool Managers and Pools. Under the revised provision, Pool Managers and Pools will be required to have a separate EFID or EFIDs for trading on the Exchange involving each distinct combination of Pool Manager and clearing number for that trading. A Pool Manager may then utilize any of these EFIDs for trading involving a Pool or multiple Pools approved under Rule 305A for which it acts as Pool Manager.
- CFE is amending CFE Policy and Procedure XIX (Submission Time Frames) to provide that order cancellations may be submitted while CFE's trading system is in a suspended state after CFE system restart. Suspended states occur between CFE business days and between multiple trading sessions in connection with holidays. CFE currently permits cancels during any queuing period, trading hours, or halt state for a product. This change would provide additional time frames during which cancels could be submitted. CFE believes that this change will provide TPHs with additional flexibility to manage their

trading risks by expanding the time frames during which TPHs may cancel their pending orders. TPHs would not be able to submit cancel replace/modify orders during a suspension state.

CFE believes that the Amendment is consistent with the Designated Contract Market (“DCM”) Core Principles under Section 5 of the Act. In particular, CFE believes that the Amendment is consistent with:

(i) DCM Core Principle 2 (Compliance with Rules) because the Amendment augments CFE access provisions by allowing for Independent Software Vendors to receive data specific to a TPH or Clearing Member on behalf of the applicable TPH(s) and Clearing Member(s), codifies mechanisms that enable CFE to obtain additional information regarding administrators designated by TPHs for use of CFE’s trading system, includes within CFE rules notice to foreign TPHs and their customers of the provisions of Commission Regulation § 15.05, and provides additional flexibility in the use of EFIDs by Pool Managers and Pools;

(ii) DCM Core Principle 4 (Prevention of Market Disruption) in that the Amendment serves to protect the integrity of CFE’s trading system by making clear that TPHs may utilize test symbols in the CFE trading system production environment solely for legitimate testing purposes and by providing TPHs with additional flexibility in managing their trading risks by expanding the time frames during which TPHs may cancel orders;

(iii) DCM Core Principle 7 (Availability of General Information) in that the Amendment clarifies the operation of various CFE rule provisions, including by adding defined terms, clarifying rule language, and correcting cross references; and

(iv) DCM Core Principle 14 (Dispute Resolution) because the Amendment improves the operation of the arbitration provisions under CFE rules by enabling NFA to obtain the contact information for a TPH in connection with NFA’s administration of an arbitration proceeding under Chapter 8 for communications with that TPH involving the proceeding.

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  
Rulebook**

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**Chapter 1 Definitions**

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### **Administrator**

The term “administrator” has the meaning set forth in Rule 513(a).

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### **Cboe Options**

The term “Cboe Options” means [the] Cboe Exchange, Inc., a Delaware corporation (including its successors).

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### **Exchange of Contract for Related Position or ECRP**

The term “Exchange of Contract for Related Position” or ECRP means an exchange of a Contract listed on the Exchange for a Related Position, as that term is defined in Rule 414(b), that is entered into in accordance with the Rules of the Exchange.

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### **Order Entry Operator ID**

The term “Order Entry Operator ID” has the meaning set forth in Rule 303A.

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### **302. Trading Privilege Holders**

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(g) An Independent Software Vendor (also referred to as a Service Bureau) is an organization that [desires to provide or] (i) provides connectivity to the CFE System on behalf of one or more Trading Privilege Holders for trading activities of the Trading Privilege Holder(s) and/or (ii) obtains connectivity to the CFE System in order to receive data made available by the Exchange that is specific to a particular Trading Privilege Holder or Clearing Member on behalf of the applicable Trading Privilege Holder(s) or Clearing Member(s). The Exchange may prescribe certification and documentation requirements and specifications relating to the establishment and maintenance of CFE System connectivity that must be satisfied in order to act as an Independent Software Vendor. An Independent Software Vendor capacity is not a Trading Privilege Holder capacity, and an Independent Software Vendor is not required to be a Trading Privilege Holder. An Independent Software Vendor may act in other capacities in relation to the Exchange provided that it does so in a form and manner as may be prescribed by the Exchange and in accordance with any applicable Rules of the Exchange. If an Independent Software Vendor is a Trading Privilege Holder, it must access the Exchange through its own EFID(s) and logical port(s) when acting in its capacity as a Trading Privilege Holder. Logical port(s) established by an Independent Software Vendor in its capacity as an Independent Software Vendor may not be used by the Independent Software Vendor itself for its own trading activities or the receipt of its own data. Each Trading Privilege Holder that accesses the CFE System through the services of an

Independent Software Vendor is subject to all of the Rules of the Exchange that apply to Trading Privilege Holders, including, without limitation, audit trail and order entry requirements with respect to Orders submitted through the connectivity provided by the Independent Software Vendor and the requirement that a Trading Privilege Holder be guaranteed by a Clearing Member in accordance with Rule 1101. No Person other than a Trading Privilege Holder may receive connectivity to the CFE System from an Independent Software Vendor for trading activities (except that it is permissible for an Independent Software Vendor to provide connectivity to the CFE System to another Independent Software Vendor solely for purposes of enabling one or more Trading Privilege Holders to access the CFE System for trading activities).

(h) Any Trading Privilege Holder that receives connectivity to the CFE System through an Independent Software Vendor for trading activities must do so through its own EFID(s) and through one or more logical port(s) that are not utilized by any other Trading Privilege Holder. If a Trading Privilege Holder receives connectivity to the CFE System through more than one Independent Software Vendor for trading activities, the Trading Privilege Holder must do so through a different logical port or ports for each of those Independent Software Vendors. In order for a Trading Privilege Holder to utilize its own EFID for an Order that is submitted to the CFE System through connectivity to the CFE System provided by another Person, that other Person must be an Independent Software Vendor and the Order must be submitted through the connectivity provided by that other Person in its capacity as an Independent Software Vendor. An Independent Software Vendor that obtains connectivity to the CFE System in order to receive data on behalf of a Trading Privilege Holder or Clearing Member must do so through one or more logical port(s) that are not utilized for any other Trading Privilege Holder or Clearing Member or for receipt of the Independent Software Vendor's own data. If a Trading Privilege Holder or Clearing Member utilizes more than one Independent Software Vendor for the receipt of data, a different logical port or ports must be used for each of those Independent Software Vendors.

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### **305. Application for Trading Privileges**

(a) Each applicant for Trading Privileges shall submit an application to the Exchange in a form and manner prescribed by the Exchange. The Exchange may investigate in a form and manner determined by the Exchange any applicant; any executive officers, [or] authorized signatories or administrators of an applicant; and any executive officers, [or] authorized signatories or administrators added by a Trading Privilege Holder subsequent to being approved as a Trading Privilege Holder. Each applicant shall promptly update the application materials if any of the information provided therein becomes inaccurate or incomplete after the date of submission and prior to any approval of the application.

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### **305B. Foreign Trading Privilege Holders**

(a) Each Trading Privilege Holder shall be organized under the laws of, and be solely responsible for ensuring that the location of any CFE Workstation is in, the United States or a foreign jurisdiction expressly approved by the Exchange. Any approval by the Exchange of a foreign jurisdiction may (i) be limited to one or more specified categories of Trading Privilege Holders or Trading Privilege Holder activities and/or (ii) be contingent upon the

satisfaction of specified conditions by any Trading Privilege Holder organized under the laws of, or with a CFE Workstation in, the foreign jurisdiction.

(b) Any Trading Privilege Holder organized under the laws of, or with a CFE Workstation in, a foreign jurisdiction ("Foreign Trading Privilege Holder") shall:

(i) ensure the availability of an individual fluent in English and knowledgeable about the Trading Privilege Holder's futures business and financial matters to assist the representatives of the Exchange during examinations;

(ii) maintain in English and U.S. dollars any books and records required to be kept by the Trading Privilege Holder under the Rules of the Exchange;

(iii) prior to acting as agent for a Customer from a foreign jurisdiction in relation to an Exchange Contract, obtain written consent from that Customer that permits the Trading Privilege Holder to provide information regarding the Customer and the Customer's activities in Exchange Contracts to the Exchange in response to a regulatory request for information pursuant to the Rules of the Exchange; and

(iv) be subject to the jurisdiction of the federal courts of the United States and the courts of Illinois.

(c) In accordance with Commission Regulation § 15.05, the Exchange will serve as an agent of a Foreign Trading Privilege Holder, or a Customer of a Foreign Trading Privilege Holder for whom transactions were executed, for purposes of accepting delivery and service of any communication issued by or on behalf of the Commission to the Foreign Trading Privilege Holder, or a Customer of the Foreign Trading Privilege Holder, in each case with respect to any transactions executed by the Foreign Trading Privilege Holder on the Exchange.

([c]d) The Exchange may withdraw the approval of a foreign jurisdiction at any time. In that event, any Trading Privilege Holder organized under the laws of, or with any CFE Workstations located in, that foreign jurisdiction on the date of the approval withdrawal shall have three months from that date to come into compliance with Rule 305B(a). If the Trading Privilege Holder does not come into compliance with Rule 305B(a) within that three month time period, the Exchange may terminate the Trading Privileges of that Trading Privilege Holder.

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#### **406. Execution of Orders by CFE System**

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(g) *Bunched Orders.* Subject to compliance with Rule 605 and the sales practice rules referred to therein, each Trading Privilege Holder may enter, or permit its Related Parties to enter (as applicable), a bunched Order for more than one discretionary Customer account or Pool account into the CFE System by using a designation specific to the allocation group and account controller rather than including each of the individual account numbers in such Order, provided such Trading Privilege Holder has filed or is filing an allocation scheme for such Order in accordance with applicable Commission requirements.

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#### **414. Exchange of Contract for Related Position**

(a) If and to the extent permitted by the rules governing the applicable Contract, a bona fide Exchange of Contract for Related Position (“ECRP”) may be entered into off of the Exchange with respect to a Contract at a price mutually agreed upon by the parties to such transaction. An Exchange of Contract for Related Position transaction must conform to the applicable trading increments for Exchange of Contract for Related Position transactions set forth in the rules governing the relevant Contract. Each Exchange of Contract for Related Position must contain the following three essential elements:

(i) a transaction in a Contract that is listed on the Exchange and a transaction in a related position or an option on the related position (known as the “Related Position”);

(ii) an exchange of Contract for the Related Position that involves an actual transfer of ownership, which must include

(1) an ability to perform the Exchange of Contract for Related Position and

(2) a transfer of title of the Contract and Related Position upon consummation of the exchange; and

(iii) separate parties, such that the accounts involved on each side of the Exchange of Contract for Related Position have different beneficial ownership or are under separate control, provided that separate profit centers of a futures commission merchant operating under separate control are deemed to be separate parties for purposes of this Rule 414.

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(k) The notification to the Exchange of an Exchange of Contract for Related Position transaction shall include (i) whether the component of the transaction in the Contract listed on the Exchange is a single leg transaction, a transaction in a spread or transaction in a strip; (ii) the Contract identifier (or product and contract expiration for a future or product, expiration, strike price and type of option (put or call) in the case of an option), price (or premium for an option) and quantity of the relevant Contract leg of the transaction and whether the relevant Contract leg is buy or sell; (iii) the time of execution (i.e., the time at which the parties agreed to the transaction); (iv) the arrangement time, if any (i.e., the time at which the parties agreed to enter into the transaction at a later time); (v) Order Entry Operator ID; (vi) EFID; (vii) account; (viii) Clearing Corporation origin code; (ix) Customer Type Indicator code; (x) the identity, quantity and price or premium of the Related Position (including the expiration, strike price, type of option (put or call) and delta in the case of an option); and (xi) any other information required by the Exchange.

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#### **415. Block Trades**

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(h) The notification to the Exchange of a Block Trade shall include (i) whether the Block Trade is a single leg transaction, a transaction in a spread or a transaction in a strip; (ii) the Contract identifier (or product and contract expiration for a future or product, expiration, strike price and type of option (put or call) in the case of an option), price (or premium for an option) and quantity of the Block Trade and whether the Block Trade is buy or sell; (iii) the time of execution (i.e., the time at which the parties agreed to the transaction); (iv) the arrangement time, if any (i.e., the time at which the parties agreed to enter into the transaction at a later time); (v) Order Entry Operator ID; (vi) EFID; (vii) account; (viii) Clearing Corporation origin code; (ix) Customer Type Indicator code; and (x) any other information required by the Exchange.

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**System Security and Integrity, Risk Controls and Business Continuity [Preparations] and System Specifications and Testing**

**513. System Security and Integrity**

(a) Each Trading Privilege Holder shall designate in a form and manner prescribed by the Exchange at least one individual that is an employee or agent of the Trading Privilege Holder to be an administrator with respect to the use of the CFE System by the Trading Privilege Holder (including its Authorized Traders). A Trading Privilege Holder shall keep [that designation] those designations current by (i) promptly notifying the Exchange of changes to the Trading Privilege Holder's administrators and their contact information in a form and manner prescribed by the Exchange; [and] (ii) promptly designating a replacement administrator to the extent necessary in order to continue to have at least one administrator; and (iii) promptly verifying in a frequency, form and manner requested by the Exchange that the Trading Privilege Holder's designated administrators and their contact information remain current. Among other things, each administrator of a Trading Privilege Holder with direct access to the CFE System shall in a form and manner permitted by the Exchange (i) have full control over access to the CFE System by the Trading Privilege Holder (including its Authorized Traders); (ii) maintain access by the Trading Privilege Holder to an internet-based interface component of the CFE System made available to Trading Privilege Holders by the Exchange to manage Orders ("Portal"); (iii) provision access to the CFE System by Authorized Traders of the Trading Privilege Holder; and (iv) be able to contact the Trade Desk, if necessary, in order to request withdrawal, in a form and manner prescribed by the Exchange, of any and all Orders placed, or purported to be placed, by the Trading Privilege Holder (including its Authorized Traders). The Exchange may provide notices or other communications to an administrator of a Trading Privilege Holder, and any and all notices or other communications sent to the administrator by the Exchange shall be binding on that Trading Privilege Holder.

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(c) The Exchange may limit the number of messages or the amount of data transmitted by Trading Privilege Holders to the CFE System in order to protect the integrity of the CFE System. In addition, the Exchange may impose restrictions on the use of any individual access to the CFE System, including temporary termination of an individual access and

activation by the Exchange of the kill switch function under Rule 513A(j), if it believes such restrictions are necessary to ensure the proper performance of the CFE System or to protect the integrity of the market. Any limitations or restrictions under this paragraph (c) shall be applied in a fair and non-discriminatory manner.

(d) Without limiting the generality of the provisions of Rule 513(c), Trading Privilege Holders may utilize test symbols in the CFE System production environment solely for legitimate testing purposes.

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#### **610. Priority of Customers' Orders**

(a) No Trading Privilege Holder (including its Related Parties) shall knowingly buy a Contract for a personal or proprietary account of such Trading Privilege Holder or Related Party or for an account in which such Trading Privilege Holder or Related Party has a proprietary interest, when such Trading Privilege Holder or Related Party has in hand Orders to buy the same Contract for any other Person at the same price or at the market price. No Trading Privilege Holder (including its Related Parties) shall knowingly sell a Contract for a personal or proprietary account of such Trading Privilege Holder or Related Party or for an account in which such Trading Privilege Holder or Related Party has a proprietary interest, when such Trading Privilege Holder or Related Party has in hand Orders to sell the same Contract for any other Person at the same price or at the market price.

(b) No Trading Privilege Holder (including its Related Parties) shall knowingly execute a discretionary Order for any Contract, including, without limitation, an Order allowing such Trading Privilege Holder (including its Related Parties) discretion as to time and price, for an immediate family member or for a personal or proprietary account of any other Trading Privilege Holder or Related Party, when such Trading Privilege Holder or Related Party has in hand any Customer Market Order for the same Contract open as to time and price.

(c) An Authorized Trader entering Orders into the CFE System must enter all Customer Orders that the CFE System is capable of accepting before entering an Order for a personal or proprietary account of such Authorized Trader or the related Trading Privilege Holder, an account in which such Authorized Trader or Trading Privilege Holder has a proprietary interest or an Order for a discretionary account, including an Order allowing such Authorized Trader or Trading Privilege Holder discretion as to time and price, for an immediate family member or for a personal or proprietary account of any other Trading Privilege Holder or Related Party.

(d) For purposes of this Rule 610, no Trading Privilege Holder that consists of more than one individual, shall be deemed to knowingly buy or sell a Contract or execute a discretionary Order if (i) such Trading Privilege Holder has in place appropriate "firewall" or separation of function procedures and (ii) the individual buying or selling the Contract or executing the discretionary Order in question has no direct knowledge of the Order to buy or sell the same Contract for any other Person at the same price or at the market price or of the Customer Order for the same Contract, as the case may be. Nothing in this Rule 610 shall limit the ability of an "eligible account manager" to bunch Orders in accordance with Commission Regulation § 1.35([a-1]b)(5).

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### **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) Without limiting the generality of other permitted disclosure of information by the Exchange to NFA, the Exchange may disclose to NFA the contact information for a Trading Privilege Holder as it appears on the books and records of the Exchange in connection with NFA's administration of an arbitration proceeding pursuant to this Chapter 8.

((d)e) 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.

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### **1301. Scope of Chapter**

This chapter applies to trading in [futures on] Cboe Bitcoin (USD) futures (Futures Symbol: XBT). The procedures for trading, clearing, settlement and any other matters not specifically covered herein shall be governed by the generally applicable rules of the Exchange. The XBT futures contract was first listed for trading on the Exchange on December 10, 2017.

### **1302. Contract Specifications**

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(n) *Reportable Position and Trading Volume.*

(i) *Reportable Position.* Pursuant to Commission Regulation §15.03 and Commission Regulation Part 17, the position level that is required to be reported to the Commission is any open position in XBT futures contracts at the close of trading on any trading day equal to or in excess of 25 contracts on either side of the market.

(ii) *Reportable Trading Volume.* Pursuant to Commission Regulation [§15.03] §15.04 and Commission Regulation Part 17, the reportable trading volume that triggers the requirement to report a volume threshold account to the Commission is 50 or more XBT futures contracts during a single trading day or such other reportable trading volume threshold as may be designated by the Commission.

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(r) *Price Reasonability Checks.* The Limit Order price reasonability percentage parameters designated by the Exchange for XBT futures pursuant to Rule 513A(d) [and the Market Order price reasonability percentage parameters designated by the Exchange for XBT futures pursuant to Rule 513A(e)] shall each be 5%.

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## **Cboe Futures Exchange, LLC Policies and Procedures Section of Rulebook**

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## VI. Trading Privilege Holder Permit Program

Any Person that desires to become a Trading Privilege Holder is required to obtain a Trading Privilege Holder permit (“TPH Permit”).

Initially, the Exchange will make available 2,500 TPH Permits. The Exchange may subsequently make available additional TPH Permits if the initial supply of 2,500 TPH Permits is exhausted.

TPH Permits may be obtained by any Person that is a trading permit holder of Cboe Options with Cboe Options trading privileges and any other Person that satisfies the requirements set forth in Rule 304(a).

Each Person desiring to obtain a TPH Permit must submit an application to the Exchange in a form and manner prescribed by the Exchange pursuant to Rule 305 and become approved by the Exchange as a Trading Privilege Holder. Each Trading Privilege Holder may permit one or more individuals to act as its Authorized Traders pursuant to Rule 303.

Any organization that desires to become a Clearing Member of the Exchange is required to become a Trading Privilege Holder and to obtain a TPH Permit. Additionally, in order to be an Exchange Clearing Member, an organization is required to be a member of the Clearing Corporation that is authorized under the rules of the Clearing Corporation to clear trades in Contracts traded on the Exchange.

Each TPH Permit provides a Trading Privilege Holder with Trading Privilege Holder status and entitles a Trading Privilege Holder to Trading Privileges on the Exchange. Trading Privilege Holders may obtain TPH Permits from the Exchange in a form and manner prescribed by the Exchange.

A Pool Manager may obtain a single TPH 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. Pool Managers and Pools must have a separate EFID or EFIDs for trading on the Exchange involving each distinct combination of Pool Manager[, Pool,] and clearing number for that trading. A Pool Manager may utilize any of these EFIDs for trading involving a Pool or multiple Pools approved under Rule 305A for which it acts as Pool Manager.

TPH Permit holders shall have all of the rights and obligations of Trading Privilege Holders under the Rules of the Exchange except to the extent otherwise provided under this Policy and the Rules of the Exchange.

Any recipient of a TPH Permit as permitted by Rule 302 is required to provide the Exchange with the appropriate application materials and to be approved as a Trading Privilege Holder pursuant to Rule 305 before the recipient will be permitted to act as a Trading Privilege Holder.

A TPH Permit is non-transferable, non-assignable and may not be sold or leased, except that a Trading Privilege Holder may, with the prior written consent of the Exchange, transfer a TPH Permit to a Trading Privilege Holder organization or organization approved to be a

Trading Privilege Holder: (i) which is an Affiliate; or (ii) which continues substantially the same business without regard to the form of the transaction used to achieve such continuation, e.g., merger, sale of substantially all assets, reincorporation, reorganization or the like.

All Order Entry Trading Permits and Quoting and Order Entry Trading Permits issued for use prior to the migration of the CFE System to Bats technology shall expire upon the completion of the migration. Each Trading Privilege Holder that has one or more Order Entry Trading Permits and Quoting and Order Entry Trading Permits at the time of the migration shall be issued, in a form and manner prescribed by the Exchange, a single TPH permit for use following the migration. The term of each TPH permit that is issued for use following the migration and that is outstanding at the end of 2018 shall expire on December 31, 2018. The Exchange may determine to extend the term of these TPH permits or allow these TPH permits to expire. The Exchange may also replace the TPH Permit program with a different permit program at any time.

The issuance of a TPH permit does not include the issuance of a port or EFID. A Trading Privilege Holder must separately obtain in a form and manner prescribed by the Exchange any ports or EFIDs that the Trading Privilege Holder desires to obtain.

All Exchange fees applicable to TPH Permit holders and all other Exchange fees will be as set forth in a separate Exchange fee schedule.

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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”) and Cboe Bitcoin (USD) (“XBT”) Futures Submission Time Frames**

The time frames during which Trading Privilege Holders may submit Orders (including Cancel Orders and Cancel Replace/Modify Orders) to the CFE System for VX and XBT futures are set forth in the chart below.

Time Frame	Period Type	What May be Submitted to CFE System
4:00 p.m.* to 5:00 p.m. (Sunday)	Queuing Period	Orders (except Market Orders, Immediate or Cancel Orders and Fill or Kill Orders)**
5:00 p.m. (previous day) to 8:30 a.m. (Monday – Friday)	Extended Trading Hours	Orders (except Market Orders)  Orders (except Market Orders) until 8:00 a.m. in expiring VX future on its final settlement date

8:30 a.m. to 3:15 p.m. (Monday – Friday)	Regular Trading Hours	Orders (except Market Orders in XBT Futures)  Orders (except Market Orders) until 2:45 p.m. in expiring XBT future on its final settlement date
3:15 p.m. to 3:30 p.m. (Monday – Friday)	Queuing Period	Orders (except Market Orders, Immediate or Cancel Orders and Fill or Kill Orders)**
3:30 p.m. to 4:00 p.m. (Monday – Friday)	Extended Trading Hours	Orders (except Market Orders)
4:00 p.m. to 4:45 p.m. (Monday – Thursday)	Suspended	Nothing ( <u>except Cancel Orders after CFE System restart</u> )
4:45 p.m.* to 5:00 p.m. (Monday – Thursday)	Queuing Period	Orders (except Market Orders, Immediate or Cancel Orders and Fill or Kill Orders)**
4:00 p.m. (Friday) to 4:00 p.m. (Sunday)	Suspended	Nothing ( <u>except Cancel Orders after CFE System restart</u> )
5:00 p.m. (previous day) to 3:13 p.m. (Monday – Friday)  (Solely for Trade at Settlement (“TAS”) transactions in VX futures)	Extended and Regular Trading Hours for all types of TAS transactions in VX futures	TAS Orders are accepted until 3:13 p.m.  No TAS Orders are accepted from 3:13 p.m. to 4:45 p.m. (Monday – Thursday)  No TAS Orders are accepted from 3:13 p.m. to 4:00 p.m. (Friday)  TAS Orders are accepted from 4:00 p.m. to 5:00 p.m. during Queuing Period (Sunday) and from 4:45 p.m. to 5:00 p.m. during Queuing Period (Monday – Thursday)**

Whenever VX or XBT futures are in a queuing period	Queuing Period	Orders (except Market Orders, Immediate or Cancel Orders and Fill or Kill Orders)**
Whenever trading in VX or XBT futures is halted	Halted	Nothing (except Cancel Orders)
Whenever trading in VX or XBT futures is suspended	Suspended	Nothing ( <u>except Cancel Orders after CFE System restart</u> )

\*The queuing period at the beginning of a Business Day for VX and XBT futures commences at the referenced start time for the queuing period plus a randomized time period from zero to three seconds.

\*\*Orders permitted to be submitted to the CFE System during these times are not executable until extended or regular trading hours next commence or open trading resumes following a trading halt or suspension.

**B. Submission Time Frames for All Exchange Contracts Other Than VX and XBT Futures**

The queuing period for Exchange Contracts other than VX and XBT futures commences on each weekday at 6:00 a.m. plus a randomized time period from zero to three seconds. The CFE System accepts Orders (including Cancel Orders and Cancel Replace/Modify Orders) for Exchange Contracts other than VX and XBT futures during the queuing period (except for Market Orders, Immediate or Cancel Orders and Fill or Kill Orders). Orders permitted to be submitted to the CFE System during the queuing period are not executable until trading hours next commence.

The trading hours for Exchange Contracts other than VX and XBT futures are set forth in the rules governing the applicable Contract. The CFE System accepts Orders (including Cancel Orders and Cancel Replace/Modify Orders) for Exchange Contracts other than VX and XBT futures during the respective trading hours for these Contracts (except to the extent set forth in the rules governing the applicable Contract).

**C. Submissions Made During Other Queuing, Halt or Suspension Periods**

For any Exchange Contract, whenever the Contract is in a queuing period other than a queuing period as described above, the CFE System accepts Orders (including Cancel Orders and Cancel Replace/Modify Orders) except for Market Orders, Immediate or Cancel Orders and Fill or Kill Orders.

For any Exchange Contract, the CFE System does not accept any Orders (including Cancel Replace/Modify Orders) except Cancel Orders whenever the Contract is halted.

For any Exchange Contract, the CFE System does not accept any Orders (including [Cancel Orders and] Cancel Replace/Modify Orders) whenever the Contract is suspended except Cancel Orders after the restart of the CFE System.

**D. Submissions Made Prior to Applicable Pre-Open Start Times**

[With the following exception,] Orders (including Cancel Orders and Cancel Replace/Modify Orders) that are received prior to the applicable queuing period start time while the CFE System is in a suspended state will be rejected, with the following exceptions:[.]

(i) The CFE System accepts Cancel Orders while the CFE System is in a suspended state after the restart of the CFE System during the suspended state.

(ii) Other Exchange rule provisions also address submissions prior to the start of a queuing period during the time period between Exchange Business Days for a Contract, including without limitation, Rule 404A(c) and Policy and Procedure XVIII(R).

**E. Modified Trading Hours**

Trading hours may be modified or shortened in connection with a holiday or period of mourning. In those instances, the time frames for submission of Orders (including Cancel Orders and Cancel Replace/Modify Orders) will be modified accordingly.

**F. Opening Process**

Rule 405A contains additional provisions relating to the opening process for Exchange Contacts.

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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-2018-005 in any related correspondence.

Cboe Futures Exchange, LLC

[/s/ Matthew McFarland](#)

By: Matthew McFarland  
Managing Director