

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 18	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-7	File No.* SR - 2021 - * 007 Amendment No. (req. for Amendments *)
Proposed Rule Change by * CBOE Futures Exchange Pursuant to Rule 19b-7 under the Securities Exchange Act of 1934		
Initial *	Amendment *	Withdrawal
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document	
<input type="checkbox"/>	<input type="checkbox"/>	
<b>Description</b> Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *). Position Limit Rule Updates		
<b>Contact Information</b> Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change. First Name * Michael Last Name * Margolis Title * Assistant Corporate Secretary E-mail * mmargolis@cboe.com Telephone * (312) 786-7153 Fax		
<b>SRO Governing Body Action</b> Describe action on the proposed rule change taken by the members or board of directors or other governing body of the SRO (limit 250 characters, required *). A CFE Managing Director approved the proposed rule change on March 8, 2021 pursuant to delegated authority.		
<b>Signature</b> Pursuant to the requirements of the Securities Exchange Act of 1934,  has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer. Date 03/15/2021 Assistant Corporate Secretary By Michael Margolis (Name *) (Title *)  NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed. mmargolis@cboe.com		

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-7 instructions please refer to the EFFS website.

**Exhibit 1- Notice of Proposed Rule Change (required when Initial)**

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal.

The Notice section of this Form 19b-7 must comply with the guidelines for publication in the Federal Register, as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC and CFTC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases and Commodities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2- Notices, Written Comments, Transcripts, Other Communications**

Add Remove View

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction E, they shall be filed in accordance with Instruction F.

Exhibit Sent As Paper Document

**Exhibit 3 - Form, Report, or Questionnaire**

Add Remove View

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change. If such documents cannot be filed electronically in accordance with Instruction E, they shall be filed in accordance with Instruction F.

Exhibit Sent As Paper Document

**Exhibit 4 - Proposed Rule Text**

Add Remove View

The self-regulatory organization must attach as Exhibit 4 proposed changes to rule text. Exhibit 4 shall be considered part of the proposed rule change.

**Exhibit 5 - Date of Effectiveness of Proposed Rule Change (required when Initial)**

CFTC Certification

CFTC Request that Review of Proposed Rule Change is not Necessary

Request for CFTC Approval of Proposed Rule Change

CFTC Determination that Review of Proposed Rule Change is not Necessary

Indication of CFTC Approval of Proposed Rule Change

CFTC Certification: Attach a copy of the certification submitted to the CFTC pursuant to section 5c(c) of the Commodity Exchange Act.

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Exhibit Sent As Paper Document

**Partial Amendment**

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission staff's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-CFE-2021-007)

Self-Regulatory Organizations; Cboe Futures Exchange, LLC; Notice of a Filing of a Proposed Rule Change Regarding Position Limit Rule Updates.

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> notice is hereby given that on March 15, 2021 Cboe Futures Exchange, LLC (“CFE” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change described in Items I, II, and III below, which Items have been prepared by CFE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. CFE also has filed this proposed rule change with the Commodity Futures Trading Commission (“CFTC”). CFE filed a written certification with the CFTC under Section 5c(c) of the Commodity Exchange Act (“CEA”)<sup>2</sup> on March 15, 2021.

I. Self-Regulatory Organization’s Description of the Proposed Rule Change

The Exchange proposes to update certain of its rule provisions relating to position limits.

The rule amendments included as part of this proposed rule change are to apply to all products traded on CFE, including both non-security futures and any security futures that may be listed for trading on CFE. The scope of this filing is limited solely to the application of the proposed rule change to security futures that may be traded on CFE. Although no security futures are currently listed for trading on CFE, CFE may list security futures for trading in the future.

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<sup>1</sup> 15 U.S.C. § 78s(b)(7).

<sup>2</sup> 7 U.S.C. § 7a-2(c).

The text of the proposed rule change is attached as Exhibit 4 to the filing but is not attached to the publication of this notice.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, CFE included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. CFE has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, Proposed Rule Change

1. Purpose

CFE Rule 412 (Position Limits) governs CFE position limits and position limit exemptions. The CFTC recently amended its position limit regulations in Part 150<sup>3</sup> of the CFTC Regulations.<sup>4</sup> Among other things, revised Part 150<sup>5</sup> imposes federal position limits for “referenced contracts,” which include (1) 25 “core referenced futures contracts” (made up of nine “legacy agricultural contracts” (e.g., CBOT Corn) and 16 “non-legacy contracts” (e.g., ICE Cocoa)), (2) futures contracts and options on futures contracts directly or indirectly linked to a core referenced futures contract, and (3) “economically equivalent swaps.” CFE does not currently offer for trading any products that are subject to the requirements of revised Part 150<sup>6</sup> of the CFTC Regulations. Instead, CFE offers for trading

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<sup>3</sup> 17 CFR Part 150.

<sup>4</sup> See CFTC Final Rule Regarding Position Limits for Derivatives, 86 FR 3236 (January 14, 2021).

<sup>5</sup> 17 CFR Part 150.

<sup>6</sup> 17 CFR Part 150.

futures on excluded commodities, which are not within the scope of revised Part 150<sup>7</sup> of the CFTC Regulations. Although the changes to Part 150<sup>8</sup> of the CFTC Regulations do not apply to CFE's products, CFE is proposing to make the following three updates to Rule 412 in light of the changes made by the CFTC to Part 150<sup>9</sup> of the CFTC Regulations. CFE is proposing to make these updates to Rule 412 in order to align certain language of Rule 412 with the language of revised Part 150<sup>10</sup> of the CFTC Regulations and to make clear that CFE will adhere to the applicable provisions of Part 150<sup>11</sup> if CFE were ever to list a product that is subject to the provisions of Part 150.<sup>12</sup>

Rule 412(b) currently provides that position limits shall be as established by the Exchange from time to time as permitted by CFTC Regulations 150<sup>13</sup> and 41.25<sup>14</sup> as applicable. The reference in Rule 412(b) to CFTC Regulation 150<sup>15</sup> is intended to refer to Part 150<sup>16</sup> of the CFTC Regulations. CFTC Regulation 41.25<sup>17</sup> governs position limits for security futures products. In addition to being able to establish position limits for products governed by Part 150<sup>18</sup> of the CFTC Regulations as permitted by Part 150<sup>19</sup> and for security futures products as permitted by CFTC Regulation 41.25,<sup>20</sup> CFE is also able to establish position limits for other products as permitted by CFTC Regulation 38.300.<sup>21</sup> CFTC

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7 17 CFR Part 150.

8 17 CFR Part 150.

9 17 CFR Part 150.

10 17 CFR Part 150.

11 17 CFR Part 150.

12 17 CFR Part 150.

13 17 CFR Part 150.

14 17 CFR § 41.25.

15 17 CFR Part 150.

16 17 CFR Part 150.

17 17 CFR § 41.25.

18 17 CFR Part 150.

19 17 CFR Part 150.

20 17 CFR § 41.25.

21 17 CFR § 38.300.

Regulation 38.300<sup>22</sup> restates Designated Contract Market (“DCM”) Core Principle 5 (Position Limitations or Accountability) under Section 5 of the CEA<sup>23</sup> and applies to all products offered for trading by a DCM. CFTC Regulation 38.300<sup>24</sup> provides, in relevant part, that to reduce the potential threat of market manipulation or congestion (especially during trading in the delivery month), a DCM shall adopt for each contract of the DCM, as is necessary and appropriate, position limitations or position accountability for speculators. In order to more clearly reflect the reference to Part 150<sup>25</sup> of the CFTC Regulations in Rule 412(b) and to also reference CFTC Regulation 38.300<sup>26</sup> in Rule 412(b), the proposed rule change proposes to revise Rule 412(b) to provide that CFE position limits shall be as established by the Exchange from time to time as permitted by CFTC Regulation 38.300,<sup>27</sup> Part 150<sup>28</sup> of the CFTC Regulations, and CFTC Regulation 41.25,<sup>29</sup> as applicable.

The proposed rule change also proposes to remove from Rule 412(c) and Rule 412(d)(i) references to prior CFTC Regulation 1.3(z)<sup>30</sup> which has been superseded by revisions to Part 150<sup>31</sup> of the CFTC Regulations. Prior CFTC Regulation 1.3(z)<sup>32</sup> previously included a definition of the term “bona fide hedging transaction for excluded commodities,” but with the CFTC’s amended position limit regulations, CFTC Regulation 1.3<sup>33</sup> no longer contains a definition for bona fide hedge transaction. Accordingly, the

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<sup>22</sup> 17 CFR § 38.300.

<sup>23</sup> 7 U.S.C. § 7(d)(5).

<sup>24</sup> 17 CFR § 38.300.

<sup>25</sup> 17 CFR Part 150.

<sup>26</sup> 17 CFR § 38.300.

<sup>27</sup> 17 CFR § 38.300.

<sup>28</sup> 17 CFR Part 150.

<sup>29</sup> 17 CFR § 41.25.

<sup>30</sup> 17 CFR § 1.3(z).

<sup>31</sup> 17 CFR Part 150.

<sup>32</sup> 17 CFR § 1.3(z).

<sup>33</sup> 17 CFR § 1.3.

proposed rule change proposes to remove a reference to prior CFTC Regulation 1.3(z)<sup>34</sup> in current Rule 412(c) which provides that the term “bona fide hedge transaction” means any transaction or position in a particular contract based the requirements of CFTC Regulation 1.3(z).<sup>35</sup> The proposed rule change also proposes to remove references to prior CFTC Regulation 1.3(z)<sup>36</sup> in current Rule 412(d)(1) which requires representations in a position limit exemption request for a bona fide hedge transaction with respect to satisfaction of the requirements of CFTC Regulation 1.3(z).<sup>37</sup> The proposed rule change also proposes to revise Rule 412(c) and Rule 412(d)(1) to refer to a “bona fide hedge transaction or position” instead of to a “bona fide hedge transaction” consistent with how the CFTC now refers to this term.<sup>38</sup>

Finally, the proposed rule change proposes to revise Rule 412(c) to provide that to the extent that a contract is subject to federal position limits or otherwise subject to the provisions Part 150<sup>39</sup> of the CFTC Regulations, the Exchange shall adhere to the applicable provisions Part 150<sup>40</sup> of the CFTC Regulations, including any applicable definitions and requirements, in relation to any position limit exemption requests relating to that contract. As noted above, Part 150 does not apply to futures on excluded commodities, which are the only products that CFE currently lists for trading. Thus, while CFE does not currently offer for trading any contract subject to federal position limits or otherwise subject to the provisions of Part 150<sup>41</sup> of the CFTC Regulations, this provision makes clear that CFE will

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<sup>34</sup> 17 CFR § 1.3(z).

<sup>35</sup> 17 CFR § 1.3(z).

<sup>36</sup> 17 CFR § 1.3(z).

<sup>37</sup> 17 CFR § 1.3(z).

<sup>38</sup> See 17 CFR 150.1(a).

<sup>39</sup> 17 CFR Part 150.

<sup>40</sup> 17 CFR Part 150.

<sup>41</sup> 17 CFR Part 150.

comply with the applicable provisions of Part 150<sup>42</sup> in the event that CFE were to list this type of contract for trading in the future. Additionally, this provision makes clear that CFE will apply the definitions included in Part 150<sup>43</sup> of the CFTC Regulations to the extent that they are applicable. As a result, CFE is not including or cross-referencing those specific definitions in Rule 412.

CFE is proposing to make these three targeted updates to Rule 412 now so that its provisions are not out of date. CFE may propose further updates to Rule 412 in the future if it were to ever list for trading any contract subject to the provisions of Part 150<sup>44</sup> of the CFTC Regulations or in light of how other DCMs that offer trading in products not subject to the provisions of Part 150<sup>45</sup> of the CFTC Regulations may amend their position limit rules in light of the revisions that the CFTC has made to its position limit regulations.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>46</sup> in general, and furthers the objectives of Sections 6(b)(1)<sup>47</sup> and 6(b)(5)<sup>48</sup> in particular, in that it is designed:

- to enable the Exchange to enforce compliance by its Trading Privilege Holders and persons associated with its Trading Privilege Holders with the provisions of the rules of the Exchange,
- to prevent fraudulent and manipulative acts and practices,

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<sup>42</sup> 17 CFR Part 150.

<sup>43</sup> 17 CFR Part 150.

<sup>44</sup> 17 CFR Part 150.

<sup>45</sup> 17 CFR Part 150.

<sup>46</sup> 15 U.S.C. § 78f(b).

<sup>47</sup> 15 U.S.C. § 78f(b)(1).

<sup>48</sup> 15 U.S.C. § 78f(b)(5).

- to promote just and equitable principles of trade,
- to remove impediments to and perfect the mechanism of a free and open market and a national market system,
- and in general, to protect investors and the public interest.

The Exchange believes that the rule updates included in the proposed rule change will contribute to CFE's ability to enforce CFE's rule provisions regarding position limits and position limit exemptions and thus contribute to the protection of investors and the public interest. The proposed rule updates are consistent with the position limit regulations adopted by the CFTC and remove superseded references in CFE's rules. The proposed rule updates will also provide additional clarity to Trading Privilege Holders regarding the application of CFE's rule provisions relating to position limits and position limit exemptions. Additionally, the Exchange believes that the proposed rule change is equitable and not unfairly discriminatory in that the rule amendments included in the proposed rule change would apply equally to all Trading Privilege Holders.

B. Self-Regulatory Organization's Statement on Burden on Competition

CFE does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes that the proposed rule change will not burden intra-market competition because the proposed rule updates will apply equally to all Trading Privilege Holders. The Exchange also believes that the proposed rule change will not burden inter-market competition since the proposed rule change is consistent with CFTC regulations and will enhance CFE's ability to carry out its responsibilities as a self-regulatory organization.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The proposed rule change will become operative on March 29, 2021. At any time within 60 days of the date of effectiveness of the proposed rule change, the Commission, after consultation with the CFTC, may summarily abrogate the proposed rule change and require that the proposed rule change be refiled in accordance with the provisions of Section 19(b)(1) of the Act.<sup>49</sup>

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CFE-2021-007 on the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-1090.

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<sup>49</sup> 15 U.S.C. § 78s(b)(1).

All submissions should refer to File Number SR-CFE-2021-007. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the principal office of Cboe Futures Exchange, LLC. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CFE-2021-007 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>50</sup>

Secretary

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<sup>50</sup> 17 CFR § 200.30-3(a)(73).

Exhibit 4

Set forth below are proposed changes to the rule text, with additions represented by underscoring and deletions represented by [bracketing].

\* \* \* \* \*

**Cboe Futures Exchange, LLC Rules**

\* \* \* \* \*

**412. Position Limits**

- (a) No changes.
- (b) Position limits shall be as established by the Exchange from time to time as permitted by Commission Regulation 38.300, Part 150 of the Commission Regulations [150] and Commission Regulation 41.25, as applicable. Such position limits may be specific to a particular Contract or contract expiration or may be established on an aggregate basis among Contracts or contract expiration. Except as specified in paragraphs (c) and (d) below, Trading Privilege Holders shall not control, or trade in, any number of Contracts that exceed any position limits so established by the Exchange. Once established, any such position limits shall be deemed to constitute a part of each Trading Privilege Holder's account and clearing agreement. Except as specified in paragraphs (c) and (d) below, no Trading Privilege Holder shall be permitted to enter, or place an Order to enter, into any transaction on the Exchange that would cause such Trading Privilege Holder to exceed any position limits.
- (c) On the basis of an application to the Exchange in accordance with paragraph (d) below, and such supplemental information as the Exchange may request, the Exchange will determine whether to grant a position limit exemption for one or more bona fide hedge transactions or positions, risk management transactions or arbitrage or spread transactions. [For purposes of this Rule 412, the term "bona fide hedge transaction" means any transaction or position in a particular Contract based the requirements of Commission Regulation 1.3(z).] To the extent that a Contract is subject to federal position limits or otherwise subject to the provisions Part 150 of the Commission Regulations, the Exchange shall adhere to the applicable provisions Part 150 of the Commission Regulations, including any applicable definitions and requirements, in relation to any position limit exemption requests relating to that Contract.
- (d) Any application for a position limit exemption must be made by the relevant Trading Privilege Holder to the Exchange in such form, and within such time limits, as the Exchange may from time to time prescribe. Without limiting the generality of the foregoing, any such application must include the following:

(i) If a [qualified] bona fide hedge transaction or position, a representation that [such transaction or position satisfies the requirements of Commission Regulation 1.3(z), which representation shall also describe] describes how the transaction [would satisfy the requirements of Commission Regulation 1.3(z)] qualifies as a bona fide hedge transaction or position;

(ii) - (x) No changes.

(e) - (f) No changes.

\* \* \* \* \*



March 15, 2021

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-2021-011

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Regulation 40.6(a) 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 update CFE’s position limit rule provisions. Exhibit 1 to this submission sets forth the rule changes included in the Amendment. The Amendment will become effective on March 29, 2021.

CFE Rule 412 (Position Limits) governs CFE position limits and position limit exemptions. The CFTC recently amended its position limit regulations in Part 150 of the Commission Regulations.<sup>1</sup> CFE does not currently offer for trading any products that are subject to the requirements of revised Part 150 of the Commission Regulations. Instead, CFE offers for trading futures on excluded commodities, which are not within the scope of revised Part 150 of the Commission Regulations. Although the changes to Part 150 of the Commission Regulations do not apply to CFE’s products, CFE is making the following three updates to Rule 412 in light of the changes made by the CFTC to Part 150 of the Commission Regulations.

- Rule 412(b) currently provides that position limits shall be as established by the Exchange from time to time as permitted by Commission Regulations 150 and 41.25 as applicable. The reference in Rule 412(b) to Commission Regulation 150 is intended to refer to Part 150 of the Commission Regulations. Commission Regulation 41.25 governs position limits for security futures products. In addition to being able to establish position limits for products governed by Part 150 of the Commission Regulations as permitted by Part 150 and for security futures products as permitted by Commission Regulation 41.25, CFE is also able to establish position limits for other products as permitted by Commission Regulation 38.300. Commission Regulation 38.300 restates Designated Contract Market (“DCM”) Core Principle 5 (Position Limitations or Accountability) under Section 5 of the Act and applies to all products offered for trading by a DCM. Commission Regulation 38.300 provides, in relevant part, that to reduce the potential threat of market manipulation or congestion (especially during trading in the delivery month), a DCM shall adopt for each contract of the DCM, as is necessary and appropriate, position limitations or position accountability for speculators. In order to more clearly reflect the reference to Part 150 of the Commission Regulations in Rule 412(b) and to

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<sup>1</sup> See CFTC Final Rule Regarding Position Limits for Derivatives, 86 FR 3236 (January 14, 2021).

also reference Commission Regulation 38.300 in Rule 412(b), the Amendment revises Rule 412(b) to provide that CFE position limits shall be as established by the Exchange from time to time as permitted by Commission Regulation 38.300, Part 150 of the Commission Regulations, and Commission Regulation 41.25, as applicable.

- The Amendment removes from Rule 412(c) and Rule 412(d)(i) references to prior Commission Regulation 1.3(z) which has been superseded by revisions to Part 150 of the Commission Regulations. Prior Commission Regulation 1.3(z) previously included a definition of the term “bona fide hedging transaction for excluded commodities” but no longer contains a definition for bona fide hedge transaction. In particular, the Amendment removes a reference to prior Commission Regulation 1.3(z) in current Rule 412(c) which provides that the term “bona fide hedge transaction” means any transaction or position in a particular contract based the requirements of Commission Regulation 1.3(z). The Amendment also removes references to prior Commission Regulation 1.3(z) in current Rule 412(d)(i) which requires representations in a position limit exemption request for a bona fide hedge transaction with respect to satisfaction of the requirements of Commission Regulation 1.3(z). The Amendment also revises Rule 412(c) and Rule 412(d)(i) to refer to a “bona fide hedge transaction or position” instead of to a “bona fide hedge transaction” consistent with how the CFTC now refers to this term.
- Finally, the Amendment revises Rule 412(c) to provide that to the extent that a contract is subject to federal position limits or otherwise subject to the provisions Part 150 of the Commission Regulations, the Exchange shall adhere to the applicable provisions Part 150 of the Commission Regulations, including any applicable definitions and requirements, in relation to any position limit exemption requests relating to that contract. Although CFE does not currently offer for trading any contract subject to federal position limits or otherwise subject to the provisions of Part 150 of the Commission Regulations, this provision makes clear that CFE will comply with the applicable provisions of Part 150 in the event that CFE were to list this type of contract for trading in the future. Additionally, this provision makes clear that CFE will apply the definitions included in Part 150 of the Commission Regulations to the extent that they are applicable. As a result, CFE is not including or cross-referencing those specific definitions in Rule 412.

CFE is making these three targeted updates to Rule 412 now so that its provisions are not out of date. CFE may make further updates to Rule 412 in the future if it were to ever list for trading any contract subject to the provisions of Part 150 of the Commission Regulations or in light of how other DCMs that offer trading in products not subject to the provisions of Part 150 of the Commission Regulations may amend their position limit rules in light of the revisions that the CFTC has made to its position limit regulations.

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) in that the rule updates included in the Amendment contribute to CFE’s ability to enforce CFE’s rule provisions regarding position limits and position limit exemptions; (ii) DCM Core Principle 5 (Position Limitations or Accountability) in that the rule updates included in the Amendment are consistent with the position limit regulations adopted by the Commission; and (iii) DCM Core Principle 7 (Availability of General Information) in that the rule updates included in the Amendment remove superseded references in CFE’s rules and provide additional clarity to CFE Trading Privilege Holders regarding the application of CFE’s rule provisions relating to position limits and position limit exemptions.

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://markets.cboe.com/us/futures/regulation/rule\\_filings/cfe/](http://markets.cboe.com/us/futures/regulation/rule_filings/cfe/)) concurrent with the filing of this submission with the Commission.

Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 or Michael Margolis at (312) 786-7153. Please reference our submission number CFE-2021-011 in any related correspondence.

Cboe Futures Exchange, LLC

[/s/ Michael Mollet](#)

By: Michael Mollet  
Managing Director

**EXHIBIT 1**

The Amendment, marked to show additions in underlined text and deletions in ~~stricken~~ text, consists of the following:

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**Cboe Futures Exchange, LLC Rules**

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**412. Position Limits**

(a) The Exchange shall designate for each Contract whether it is subject to position limits or to position accountability. This Rule 412 governs Contracts that are subject to position limits.

(b) Position limits shall be as established by the Exchange from time to time as permitted by Commission Regulation 38.300, Part 150 of the Commission Regulations ~~150 and Commission Regulation 41.25,~~ as applicable. Such position limits may be specific to a particular Contract or contract expiration or may be established on an aggregate basis among Contracts or contract expiration. Except as specified in paragraphs (c) and (d) below, Trading Privilege Holders shall not control, or trade in, any number of Contracts that exceed any position limits so established by the Exchange. Once established, any such position limits shall be deemed to constitute a part of each Trading Privilege Holder's account and clearing agreement. Except as specified in paragraphs (c) and (d) below, no Trading Privilege Holder shall be permitted to enter, or place an Order to enter, into any transaction on the Exchange that would cause such Trading Privilege Holder to exceed any position limits.

(c) On the basis of an application to the Exchange in accordance with paragraph (d) below, and such supplemental information as the Exchange may request, the Exchange will determine whether to grant a position limit exemption for one or more bona fide hedge transactions or positions, risk management transactions or arbitrage or spread transactions. ~~For purposes of this Rule 412, the term "bona fide hedge transaction" means any transaction or position in a particular Contract based the requirements of Commission Regulation 1.3(z).~~ To the extent that a Contract is subject to federal position limits or otherwise subject to the provisions Part 150 of the Commission Regulations, the Exchange shall adhere to the applicable provisions Part 150 of the Commission Regulations, including any applicable definitions and requirements, in relation to any position limit exemption requests relating to that Contract.

(d) Any application for a position limit exemption must be made by the relevant Trading Privilege Holder to the Exchange in such form, and within such time limits, as the Exchange may from time to time prescribe. Without limiting the generality of the foregoing, any such application must include the following:

- If a ~~qualified~~ bona fide hedge transaction or position, a representation that ~~such transaction or position satisfies the requirements of Commission Regulation 1.3(z), which representation shall also describe~~ describes how the transaction would satisfy

~~the requirements of Commission Regulation 1.3(z)~~ qualifies as a bona fide hedge transaction or position;

(iii) If a risk management transaction, a representation that the position held by a Trading Privilege Holder that typically buys, sells or holds positions in the underlying cash market, a related cash market or a related over-the-counter market for which the underlying market has a high degree of demonstrated liquidity relative to the size of the positions and where there exist opportunities for arbitrage which provide a close linkage between the futures or options market and the underlying market;

(iv) If an arbitrage or spread transaction, an undertaking that the prospective arbitrageur or spreader will specify the extent of the Trading Privilege Holder's current or planned activity in the cash market underlying the Contract for which such exemption is requested;

(v) A representation that the bona fide hedge, risk management, arbitrage or spread transaction will not be used in an attempt to violate or avoid any Rule of the Exchange;

(vi) A representation that the positions involved shall be established and liquidated in an orderly manner based upon the characteristics of the market for which the exemption is sought;

(vii) A representation that such Trading Privilege Holder has complied with any applicable federal requirements, including compliance with all applicable Commission regulations relating to bona fide hedging, risk management, arbitrage or spread transactions;

(viii) A schedule of the maximum number of Contracts, long and short, that such Trading Privilege Holder intends to enter into for bona fide hedging, risk management, arbitrage or spread transaction purposes;

(ix) An agreement that such Trading Privilege Holder will comply with any terms, conditions or limitations imposed by the Exchange with respect to the exemption;

(x) An agreement by such Trading Privilege Holder to promptly submit a supplemental statement explaining any change in circumstances that may affect the nature of its positions;

(xi) An agreement by such Trading Privilege Holder to promptly notify the Exchange of any material change to the information provided in any application; and

(xii) A representation that the Exchange may, at any time, rescind, limit or condition any exemption.

(e) - (f) No changes.