



April 11, 2014

Via Electronic Mail

Ms. Melissa Jurgens  
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-2014-08

Dear Ms. Jurgens:

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”) related to electronic reporting to CFE of Exchange of Contract for Related Position (“ECRPs”) transactions and Block Trades. The Amendment will become effective on or after April 29, 2014, on a date to be announced by the Exchange through the issuance of a circular.

In particular, the Exchange is (i) amending CFE Rules 414 (Exchange of Contract for Related Position) and 415 (Block Trading) by permitting electronic reporting of ECRP transactions and Block Trades by Authorized Reporters in CBOE Volatility Index (“VIX”) futures; (ii) amending CFE Rule 513A (Risk Controls) to provide Clearing Members with the ability to set maximum transaction size limits for electronically reported Block Trades and ECRPs; and (iii) amending CFE Policy and Procedure III (Resolution of Error Trades) to address inaccuracies in electronically reported ECRP transactions and Block Trades.

Under the current notification and reporting mechanism for CFE ECRP transactions and Block Trades, Authorized Reporters for Trading Privilege Holders to an ECRP transaction or Block Trade must notify the Exchange of the transaction by phone or e-mail (depending on time of day). The CFE Help Desk then reports the transaction to CFE’s trading system and provides a written summary of the transaction to the Authorized Reporters. In order to streamline the current notification and reporting process for ECRP transactions and Block Trades, the Exchange is introducing a mechanism that will allow Authorized Reporters to electronically report ECRP transactions and Block Trades into a web-interface to CFE’s trading system. This electronic process eliminates manual processing by the CFE Help Desk. At this time, the Exchange is making electronic reporting of ECRP transactions and Block Trades available on a voluntary basis in the VIX future, which is CFE’s most actively traded product. The Exchange may determine to require electronic reporting of ECRP transactions and Block Trades at a later time

and expand electronic reporting to other CFE products after Authorized Reporters gain experience with utilizing this electronic reporting mechanism.

CFE believes that the Amendment is consistent with Designated Contract Market Core Principles 2 (Compliance with Rules), 4 (Prevention of Market Disruption), and 9 (Execution of Transactions) under Section 5 of the Act because the Amendment: (i) describes the requirements for electronic reporting of ECRP transactions and Block Trades; (ii) provides for a risk control mechanism in relation to electronically reported ECRP transactions and Block Trades; and (iii) enhances CFE's ECRP and Block Trade notification and reporting provisions by offering the availability of electronic reporting of these transactions by Authorized Reporters.

CFE believes that the impact of the Amendment will be beneficial to the public and market participants. CFE is not aware of any substantive opposing views to the Amendment. CFE hereby certifies that the Amendment complies with the Act and the regulations thereunder. CFE further certifies that CFE has posted a notice of pending certification with the Commission and a copy of this submission on CFE's Web site (<http://cfe.cboe.com/aboutcfe/rules.aspx>) concurrent with the filing of this submission with the Commission.

The Amendment, marked to show additions in underlined text and deletions in [bracketed] text, consists of the following:

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### **CBOE Futures Exchange, LLC Rules**

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

(a) A *bona fide* Exchange of Contract for Related Position may be entered into with respect to any Contract designated by the Exchange and in accordance with the applicable trading increments set forth in the rules governing such Contract, at a price mutually agreed upon by the parties to such transaction. 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 (x) an ability to perform the Exchange of Contract for Related Position and (y) 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.

(b) For purposes of this Rule 414, the term "Related Position" shall include, but not be limited to, a security, an option, a Contract, any commodity as that term is defined by the CEA, or a group or

basket of any of the foregoing. The Related Position being exchanged need not be the same as the underlying of the Contract transaction being exchanged, but the Related Position must have a high degree of price correlation to the underlying of the Contract transaction so that the Contract transaction would serve as an appropriate hedge for the Related Position.

(c) In every Exchange of Contract for Related Position, one party must be the buyer of (or the holder of the long market exposure associated with) the Related Position and the seller of the corresponding Contract and the other party must be the seller of (or the holder of the short market exposure associated with) the Related Position and the buyer of the corresponding Contract. Further, the quantity of the Related Position traded in an Exchange of Contract for Related Position must correlate to the quantity represented by the Contract portion of the transaction.

(d) Exchange of Contract for Related Position transactions with respect to any Contract may occur during and outside of the Trading Hours set forth in the rules governing such Contract, unless otherwise specified in those rules. Each party to an Exchange of Contract for Related Position shall comply with all applicable Rules of the Exchange other than those which by their terms only apply to trading through the CBOE System.

(e) Each Exchange of Contract for Related Position shall be designated as such, and cleared through the Clearing Corporation as if it were a transaction executed through the CBOE System.

(f) Every Trading Privilege Holder handling, executing, clearing or carrying Exchange of Contract for Related Position transactions or positions shall identify and mark as such by appropriate symbol or designation all Exchange of Contract for Related Position transactions or positions and all orders, records and memoranda pertaining thereto.

(g) Each Trading Privilege Holder involved in any Exchange of Contract for Related Position shall either maintain records evidencing compliance with the criteria set forth in this Rule 414 or be able to obtain such records from its Customer involved in the Exchange of Contract for Related Position. Such records shall include, without limitation, documentation relating to the Related Position portion of the Exchange of Contract for Related Position transaction, including those documents customarily generated in accordance with Related Position market practices which demonstrate the existence and nature of the Related Position portion of the transaction. Upon request by the Exchange and within the time frame designated by the Exchange, any such Trading Privilege Holder shall produce satisfactory evidence that an Exchange of Contract for Related Position transaction meets the requirements set forth in this Rule 414.

(h) Each Trading Privilege Holder executing an Exchange of Contract for Related Position transaction must have at least one designated Person that is either a Trading Privilege Holder or a Related Party of a Trading Privilege Holder and is pre-authorized by a Clearing Member to report Exchange of Contract for Related Position transactions on behalf of the Trading Privilege Holder (“Authorized Reporter”). When an entity designated as an Authorized Reporter reports an Exchange of Contract for Related Position transaction, the report must be made by one Related Party of that entity respecting that specific transaction. Only an Authorized Reporter of a Trading Privilege Holder will be allowed to report an Exchange of Contract for Related Position transaction on behalf of that Trading Privilege Holder. A Clearing Member that authorizes an Authorized Reporter to report Exchange of Contract for Related Position transactions on behalf of a Trading Privilege Holder accepts responsibility for all such transactions reported to the Exchange by that Authorized Reporter on behalf of the Trading Privilege Holder. Any designation of an Authorized Reporter or revocation of a previous designation of an Authorized Reporter, including any termination of the guarantee provided for in the preceding sentence, must

be made in a form and manner prescribed by the Exchange and shall become effective as soon as the Exchange is able to process the designation or revocation.

(i) Each party to an Exchange of Contract for Related Position transaction is obligated to have an Authorized Reporter notify the Help Desk of the terms of the transaction after the transaction is agreed upon. For this purpose, agreement to the transaction includes, without limitation, agreement to the quantity and actual price or premium of the Contract leg of the transaction (except in the case of a TAS Exchange of Contract for Related Position transaction that is permitted by the rules governing the relevant Contract, in which case agreement to the transaction includes, without limitation, agreement upon the quantity of the Contract leg of the transaction and whether the price or premium of the Contract leg of the transaction will be the daily settlement price or an agreed upon differential above or below the daily settlement price). Unless otherwise specified in the rules governing the relevant Contract, this notification to the Help Desk shall be made without delay and by no later than ten minutes after the transaction is agreed upon. Based upon the time of notification to the Exchange of the transaction, the chart below sets forth the manner in which this notification must be provided to the Help Desk, the Business Day for which the Contract leg of the transaction will be submitted for clearing and when the Help Desk will report the Contract leg of the transaction and provide a written transaction summary pursuant to paragraph (k) below. All times included in the chart below are Chicago time.

<b>Time of Notification to the Exchange</b>	<b>Notification Method</b>	<b>Business Day for which Contract Leg Submitted for Clearing</b>	<b>When Help Desk Reports Contract Leg</b>
2:00 a.m. - 3:15 p.m. Monday - Friday	Phone or E-Mail	Business Day of transaction.  Next Business Day for Trade at Settlement (TAS) transactions reported after 3:12 p.m.	As soon as practicable following required notifications to Help Desk
3:15 p.m. to 3:30 p.m. Monday – Friday	Phone or E-Mail	Calendar day of transaction or next Business Day, as designated by Authorized Reporters.  Next Business Day for TAS transactions.	As soon as practicable after trading next commences following required notifications to Help Desk.

<b>Time of Notification to the Exchange</b>	<b>Notification Method</b>	<b>Business Day for which Contract Leg Submitted for Clearing</b>	<b>When Help Desk Reports Contract Leg</b>
3:30 p.m. to 4:00 p.m. Monday – Thursday	Phone or E-Mail	Calendar day of transaction or Business Day of transaction, as designated by Authorized Reporters.  Business Day of transaction for TAS transactions.	As soon as practicable following required notifications to Help Desk
3:30 p.m. Friday to 2:00 a.m. Monday	E-Mail	Next Business Day	As soon as practicable after trading next commences following required notifications to Help Desk
4:00 p.m. to 4:15 p.m. Monday - Thursday	Phone or E-Mail	Business Day of transaction	As soon as practicable following required notifications to Help Desk (which may occur either during first period of extended trading hours or after trading next commences).
4:15 p.m. to 2:00 am (next calendar day) Monday - Thursday	E-Mail	Business Day of transaction	As soon as practicable after trading next commences following required notifications to Help Desk

Pursuant to paragraph (k) below, the Help Desk will provide a written transaction summary to each Authorized Reporter on the Business Day for which the Contract leg of the transaction is submitted for clearing.

The Exchange may modify the days and times during which the foregoing notification, reporting, and clearance submission provisions will be applicable in the event that the Exchange will not be open for business or will have shortened Trading Hours in connection with a holiday or a period of mourning.

(j) The notification to the Help Desk of an Exchange of Contract for Related Position transaction shall include (i) the identity, contract month, price or premium, quantity, and time of execution of the relevant Contract leg (i.e., the time the parties agreed to the Exchange of Contract for Related Position transaction), (ii) the counterparty Clearing Member, (iii) the identity, quantity and price of the Related Position, and (iv) any other information required by the Exchange. After the

notification of an Exchange of Contract for Related Position transaction has been provided to the Help Desk, the Exchange of Contract for Related Position transaction may not be changed and the Exchange of Contract for Related Position transaction may not be cancelled (provided, however, that corrections to any inaccuracies in the transaction summary of the Exchange of Contract for Related Position transaction provided by the Help Desk may be made as provided in paragraph (k) below).

(k) The Help Desk will report the Contract leg of the transaction to the CBOE System. The Help Desk will also provide a written transaction summary on the Business Day for which the Contract leg of the transaction is submitted for clearing to the Authorized Reporters that reported the transaction to the Help Desk on behalf of each party to the transaction. The transaction summary will include the transaction information reported to the Help Desk by the Authorized Reporters and any other relevant information included by the Help Desk. The Authorized Reporters and the parties to the transaction shall have thirty minutes from the time the Help Desk transmits the transaction summary to Authorized Reporters to notify the Help Desk of any inaccuracies in the content of the transaction summary and of the corrections to any inaccurate information. It is the responsibility of the buying and selling parties to effect any subsequent allocations or necessary updates to non-critical matching fields utilizing a post-trade processing system designated by the Exchange.

(l) The Help Desk may review an Exchange of Contract for Related Position transaction for compliance with the requirements of this Rule and may determine not to permit the Exchange of Contract for Related Position transaction to be consummated, or may bust an Exchange of Contract for Related Position transaction for which the Contract leg has been posted or for which the Help Desk has transmitted a transaction summary, if the Help Desk determines that the Exchange of Contract for Related Position transaction does not conform with those requirements.

(m) The posting of the Contract leg of an Exchange of Contract for Related Position transaction by the Help Desk or the transmission by the Help Desk of a transaction summary for the transaction does not constitute a determination by the Exchange that the Exchange of Contract for Related Position transaction was effected in conformity with the requirements of this Rule. An Exchange of Contract for Related Position transaction for which the Contract leg is posted by the Help Desk or for which the Help Desk has transmitted a transaction summary that does not conform to the requirements of this Rule shall be processed and given effect if it is not busted, but will be subject to appropriate disciplinary action in accordance with the Rules of the Exchange.

(n) Any Exchange of Contract for Related Position transaction in violation of the requirements of this Rule shall constitute conduct which is inconsistent with just and equitable principles of trade; provided, however, if the Exchange imposes a minor rule violation fine pursuant to Rule 714 for violation of this Rule, that minor rule violation shall not be considered to constitute conduct which is inconsistent with just and equitable principles of trade.

(o) Authorized Reporters may electronically report Exchange of Contract for Related Position transactions in VIX futures to the CBOE System pursuant to this paragraph (o) in a form and manner prescribed by the Exchange instead of reporting them to the Help Desk.

An Exchange of Contract for Related Position transaction may be electronically reported to the CBOE System only if each Authorized Reporter for the transaction has obtained access to the CBOE System from the Exchange to enable the Authorized Reporter to electronically report Exchange of Contract for Related Position transactions and agrees with the other Authorized Reporter for the Exchange of Contract for Related Position transaction to electronically report the

transaction to the CBOE System in lieu of reporting the transaction to the Help Desk. In order to electronically report an Exchange of Contract for Related Position transaction to the CBOE System, each Authorized Reporter for the transaction must complete all of the steps required by the CBOE System and as prescribed by the Exchange in order for an Exchange of Contract for Related Position transaction to be electronically reported to the CBOE System.

The Authorized Reporter that is the initiator of an electronic report of an Exchange of Contract for Related Position transaction to the CBOE System must enter the required information into the CBOE System promptly enough to allow a reasonable amount of time for the other Authorized Reporter to electronically accept that report by no later than ten minutes after the transaction is agreed upon.

Electronic Exchange of Contract for Related Position reports may be submitted during trading hours and outside of trading hours. For Exchange of Contract for Related Position transactions that are electronically reported outside of trading hours, the CBOE System will generally disseminate the Contract leg of the transaction and provide a transaction summary to the Authorized Reporters following the next commencement of trading hours.

The Business Day which Authorized Reporters electronically reporting an Exchange of Contract for Related Position transaction designate for the Contract leg of the transaction to be submitted for clearing must conform to the same parameters in this regard that apply to Exchange of Contract for Related Position transactions that are reported to the Help Desk which are set forth in the first and third columns of the chart in paragraph (i) of this Rule.

Except to the extent modified by this paragraph (o), the provisions of the other paragraphs of this Rule shall continue to be applicable in relation to Exchange of Contract for Related Position transactions that are electronically reported to the CBOE System. For the avoidance of doubt:

(i) the second and fourth columns of the chart in paragraph (i) of this Rule shall not be applicable to electronically submitted Exchange of Contract for Related Position transactions;

(ii) the procedure in paragraph (k) of this Rule for notification to the Help Desk of any inaccuracies in the content of the transaction summary for an Exchange of Contract for Related Position transaction shall be applicable to electronically submitted Exchange of Contract for Related Position transactions and to any mistake or inaccuracy in the electronic submission of an Exchange of Contract for Related Position transaction to the CBOE System; and

(iii) the provisions of paragraph (m) of this Rule shall be applicable to electronically submitted Exchange of Contract for Related Position transactions.

#### **CFE Rule 415. Block Trading**

(a) If and to the extent permitted by the rules governing the applicable Contract, Trading Privilege Holders may enter into transactions outside the CBOE System, at prices mutually agreed, provided all of the following conditions are satisfied (such transactions, “Block Trades”):

(i) Each buy or sell order underlying a Block Trade must (A) state explicitly that it is to be, or may be, executed by means of a Block Trade and (B) be for at least such minimum number of Contracts as will from time to time be specified by the Exchange; provided that only (x) a

commodity trading advisor registered under the CEA, (y) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the CEA and Commission Regulations thereunder and (z) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States of America, in each case with total assets under management exceeding US\$25 million, may satisfy this requirement by aggregating orders for different accounts that are under management or control by such commodity trading advisor, investment adviser, or other Person. Other than as provided in the foregoing sentence, orders for different accounts may not be aggregated to satisfy Block Trade size requirements. For purposes of this Rule, if the Block Trade is executed as a spread order (as defined in Rule 404(g)) or as a strip (i.e., a transaction with legs in multiple contract months that are exclusively for the purchase or exclusively for the sale of a Contract), the total quantity of the transaction and the quantity of each leg of the transaction must meet any designated minimum sizes applicable to those types of transactions that are set forth in the rules governing the relevant Contract.

(ii) Each party to a Block Trade must qualify as an “eligible contract participant” (as such term is defined in Section 1a(12) of the CEA); provided that, if the Block Trade is entered into on behalf of Customers by (A) a commodity trading advisor registered under the Act, (B) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the Act and Commission Regulations thereunder or (C) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States of America, in each case with total assets under management exceeding US\$25 million, then only such commodity trading advisor or investment adviser, as the case may be, but not the individual Customers, need to so qualify.

(b) The price at which a Block Trade is executed must be “fair and reasonable” in light of (i) the size of the Block Trade; (ii) the prices and sizes, at the relevant time, of orders in the order book for the same Contract, the same contract on other markets and similar or related contracts on the Exchange and other markets, including without limitation the underlying cash and futures markets; (iii) the prices and sizes, at the relevant time, of transactions in the same Contract, the same contract on other markets and similar or related contracts on the Exchange and other markets, including without limitation the underlying cash and futures markets; (iv) the circumstances of the parties to the Block Trade; and (v) whether the Block Trade is executed as a spread order or as a strip.

The following guidelines shall apply in determining whether the execution price of a Block Trade that is not executed as a spread order or as a strip is “fair and reasonable.” These guidelines are general and may not be applicable in each instance. Whether the execution price of a Block Trade is “fair and reasonable” depends upon the particular facts and circumstances.

In the event the quantity present in the order book is greater or equal to the quantity needed to fill an order of the size of the Block Trade, it would generally be expected that the Block Trade price would be better than the price present in the order book. In the event the quantity present in the order book is less than the quantity needed to fill an order of the size of the Block Trade, it would generally be expected that the Block Trade price would be relatively close to the price present in the order book and that the amount of the differential between the two prices would be smaller to the extent that the differential between the quantity present in the order book and the Block Trade quantity is smaller.

(c) Block Trades with respect to any Contract may occur during and outside of the Trading Hours set forth in the rules governing such Contract, unless otherwise specified in those rules.

Each party to a Block Trade shall comply with all applicable Rules of the Exchange other than those which by their terms only apply to trading through the CBOE System.

(d) Each Block Trade shall be designated as such, and cleared through the Clearing Corporation as if it were a transaction executed through the CBOE System. The Exchange will publicize information identifying the trade as a Block Trade and identifying the relevant Contract, contract month, price or premium, quantity for each Block Trade and, if applicable, the underlying commodity, whether the transaction involved a put or a call and the strike price immediately after such information has been reported to the Exchange.

(e) Each Trading Privilege Holder that is party to a Block Trade shall record the following details on its order ticket: the Contract (including the delivery or expiry month) to which such Block Trade relates; the number of Contracts traded; the price of execution or premium; the time of execution (i.e., the time the parties agreed to the Block Trade); the identity of the counterparty; that the transaction is a Block Trade; and, if applicable, details regarding the Customer for which the Block Trade was executed, the underlying commodity, whether the transaction involved a put or a call and the strike price. Every Trading Privilege Holder handling, executing, clearing or carrying Block Trades or positions shall identify and mark as such by appropriate symbol or designation all Block Trades or positions and all orders, records and memoranda pertaining thereto. Upon request by the Exchange and within the time frame designated by the Exchange, such Trading Privilege Holder shall produce satisfactory evidence, including the order ticket referred to in the preceding sentence, that the Block Trade meets the requirements set forth in this Rule 415.

(f) Each Trading Privilege Holder executing a side of a Block Trade must have at least one designated Person that is either a Trading Privilege Holder or a Related Party of a Trading Privilege Holder and is pre-authorized by a Clearing Member to report Block Trades on behalf of the Trading Privilege Holder (“Authorized Reporter”). If an entity designated as an Authorized Reporter reports a Block Trade, the report must be made by a Related Party of that entity. Only an Authorized Reporter of a Trading Privilege Holder will be allowed to report a Block Trade on behalf of that Trading Privilege Holder. A Clearing Member that authorizes an Authorized Reporter to report Block Trades on behalf of a Trading Privilege Holder accepts responsibility for all such transactions reported to the Exchange by that Authorized Reporter on behalf of the Trading Privilege Holder. Any designation of an Authorized Reporter or revocation of a previous designation of an Authorized Reporter, including any termination of the guarantee provided for in the preceding sentence, must be made in a form and manner prescribed by the Exchange and shall become effective as soon as the Exchange is able to process the designation or revocation.

(g) Each party to a Block Trade is obligated to have an Authorized Reporter notify the Help Desk of the terms of the transaction after the transaction is agreed upon. For this purpose, agreement to the transaction includes, without limitation, agreement to the quantity and actual price or premium of the Block Trade (except in the case of a TAS Block Trade that is permitted by the rules governing the relevant Contract, in which case agreement to the transaction includes, without limitation, agreement upon the quantity of the Block Trade and whether the price or premium of the Block Trade will be the daily settlement price or an agreed upon differential above or below the daily settlement price). Unless otherwise specified in the rules governing the relevant Contract, this notification to the Help Desk shall be made without delay and by no later than ten minutes after the transaction is agreed upon. Based upon the time of agreement to the transaction, the chart below sets forth the manner in which this notification must be provided to the Help Desk, when the Help Desk will report the Block Trade and provide a written transaction

summary pursuant to paragraph (i) below and the Business Day for which the Block Trade will be submitted for clearing. All times included in the chart below are Chicago time.

<b>Time of Notification to the Exchange</b>	<b>Notification Method</b>	<b>Business Day for which Block Trade Submitted for Clearing</b>	<b>When Help Desk Reports Block Trade</b>
2:00 a.m. - 3:15 p.m. Monday - Friday	Phone or E-Mail	Business Day of transaction.  Next Business Day for Trade at Settlement (TAS) transactions reported after 3:12 p.m.	As soon as practicable following required notifications to Help Desk.
3:15 p.m. to 3:30 p.m. Monday – Friday	Phone or E-Mail	Calendar day of transaction or next Business Day, as designated by Authorized Reporters.  Next Business Day for TAS transactions.	As soon as practicable after trading next commences following required notifications to Help Desk.
3:30 p.m. to 4:00 p.m. Monday – Thursday	Phone or E-Mail	Calendar day of transaction or Business Day of transaction, as designated by Authorized Reporters.  Business Day of transaction for TAS transactions.	As soon as practicable following required notifications to Help Desk.
3:30 p.m. Friday to 2:00 a.m. Monday	E-Mail	Next Business Day	As soon as practicable after trading next commences following required notifications to Help Desk.

<b>Time of Notification to the Exchange</b>	<b>Notification Method</b>	<b>Business Day for which Block Trade Submitted for Clearing</b>	<b>When Help Desk Reports Block Trade</b>
4:00 p.m. to 4:15 p.m. Monday - Thursday	Phone or E-Mail	Business Day of transaction	As soon as practicable following required notifications to Help Desk (which may occur either during first period of extended trading hours or after trading next commences).
4:15 p.m. to 2:00 am (next calendar day) Monday - Thursday	E-Mail	Business Day of transaction	As soon as practicable after trading next commences following required notifications to Help Desk.

Pursuant to paragraph (i) below, the Help Desk will provide a written transaction summary to each Authorized Reporter on the Business Day for which the Block Trade is submitted for clearing.

The Exchange may modify the days and times during which the foregoing notification, reporting, and clearance submission provisions will be applicable in the event that the Exchange will not be open for business or will have shortened Trading Hours in connection with a holiday or a period of mourning.

(h) The notification to the Help Desk with respect to a Block Trade shall include the relevant Contract, contract month, price or premium, quantity, time of execution (i.e., the time the parties agreed to the Block Trade), counterparty Clearing Member and, if applicable, the underlying commodity, whether the transaction involved a put or a call and the strike price, and any other information that is required by the Exchange. After the notification of a Block Trade has been provided to the Help Desk, the terms of the Block Trade may not be changed and the Block Trade may not be cancelled (provided, however, that corrections to any inaccuracies in the transaction summary of the Block Trade provided by the Help Desk may be made as provided in paragraph (i) below).

(i) The Help Desk will report both sides of the Block Trade to the CBOE System. The Help Desk will also provide a written transaction summary on the Business Day for which the Block Trade is submitted for clearing to the Authorized Reporters that reported the Block Trade to the Help Desk on behalf of each party to the Block Trade. The transaction summary will include the trade information reported to the Help Desk by the Authorized Reporters and any other relevant information included by the Help Desk. The Authorized Reporters and the parties to the Block Trade shall have thirty minutes from the time the Help Desk transmits the transaction summary to Authorized Reporters to notify the Help Desk of any inaccuracies in the content of the transaction summary and of the corrections to any inaccurate information. It is the responsibility of the buying and selling Trading Privilege Holders to effect any subsequent allocations or necessary updates to non-critical matching fields utilizing a post-trade processing system designated by the Exchange.

(j) A Trading Privilege Holder may execute an Order placed for a non-discretionary Customer account by means of a Block Trade only if the Customer has previously consented thereto. This consent may be obtained on either a trade-by-trade basis or for all such Orders.

(k) The Help Desk may review a Block Trade for compliance with the requirements of this Rule and may determine not to permit the Block Trade to be consummated, or may bust a Block Trade that has been posted or for which the Help Desk has transmitted a transaction summary, if the Help Desk determines that the Block Trade does not conform with those requirements.

(l) The posting of a Block Trade by the Help Desk or the transmission by the Help Desk of a transaction summary for a Block Trade does not constitute a determination by the Exchange that the Block Trade was effected in conformity with the requirements of this Rule. A Block Trade that is posted by the Help Desk or for which the Help Desk has transmitted a transaction summary that does not conform to the requirements of this Rule shall be processed and given effect if it is not busted but will be subject to appropriate disciplinary action in accordance with the Rules of the Exchange.

(m) Any Block Trade in violation of the requirements of this Rule shall constitute conduct which is inconsistent with just and equitable principles of trade; provided, however, if the Exchange imposes a minor rule violation fine pursuant to Rule 714 for violation of this Rule, that minor rule violation shall not be considered to constitute conduct which is inconsistent with just and equitable principles of trade.

(n) Authorized Reporters may electronically report Block Trades in VIX futures to the CBOE System pursuant to this paragraph (n) in a form and manner prescribed by the Exchange instead of reporting them to the Help Desk.

A Block Trade may be electronically reported to the CBOE System only if each Authorized Reporter for the transaction has obtained access to the CBOE System from the Exchange to enable the Authorized Reporter to electronically report Block Trades and agrees with the other Authorized Reporter for the Block Trade to electronically report the Block Trade to the CBOE System in lieu of reporting the Block Trade to the Help Desk. In order to electronically report a Block Trade to the CBOE System, each Authorized Reporter for the Block Trade must complete all of the steps required by the CBOE System and as prescribed by the Exchange in order for a Block Trade to be electronically reported to the CBOE System.

The Authorized Reporter that is the initiator of an electronic report of a Block Trade to the CBOE System must enter the required information into the CBOE System promptly enough to allow a reasonable amount of time for the other Authorized Reporter to electronically accept that report by no later than ten minutes after the Block Trade is agreed upon.

Electronic Block Trade reports may be submitted during trading hours and outside of trading hours. For Block Trades that are electronically reported outside of trading hours, the CBOE System will generally disseminate the Block Trade and provide a transaction summary to the Authorized Reporters following the next commencement of trading hours.

The Business Day which Authorized Reporters electronically reporting a Block Trade designate for the Block Trade to be submitted for clearing must conform to the same parameters in this regard that apply to Block Trades that are reported to the Help Desk which are set forth in the first and third columns of the chart in paragraph (g) of this Rule.

Except to the extent modified by this paragraph (n), the provisions of the other paragraphs of this Rule shall continue to be applicable in relation to Block Trades that are electronically reported to the CBOE System. For the avoidance of doubt:

(i) the second and fourth columns of the chart in paragraph (g) of this Rule shall not be applicable to electronically submitted Block Trades;

(ii) the procedure in paragraph (i) of this Rule for notification to the Help Desk of any inaccuracies in the content of the transaction summary for a Block Trade shall be applicable to electronically submitted Block Trades and to any mistake or inaccuracy in the electronic submission of a Block Trade to the CBOE System; and

(iii) the provisions of paragraph (l) of this Rule shall be applicable to electronically submitted Block Trades.

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### **CFE Rule 513A. Risk Controls**

(a) - (f) No changes.

(g) Off-Exchange Transaction Electronic Reporting Size Limits. Each Clearing Member shall have the ability, in a form and manner prescribed and provided by the Exchange, to set a maximum transaction size limit for off-exchange transactions that are electronically reported to the CBOE System. A separate limit may be set for electronically reported Block Trades and for the Contract legs of electronically reported Exchange of Contract for Related Position transactions. Each limit may be set by an executing Trading Privilege Holder for all of that Trading Privilege Holder's logins or by individual executing Trading Privilege Holder login. Each limit shall apply in a manner determined by the Exchange to Block Trades or Exchange of Contract for Related Position transactions, as applicable, that are electronically reported for the applicable executing Trading Privilege Holder login(s) and for which the Clearing Member is identified as the Clearing Member for the execution of the transaction. With respect to off-exchange transactions with more than one Contract leg, the maximum transaction size limit shall apply with respect to the total number of Contracts of the transaction if all of the Contract legs are exclusively for the purchase or exclusively for the sale of the Contract legs and shall apply with respect to the largest Contract leg for spreads.

(g)h Clearing Members are required to obtain access to and utilize the risk control mechanisms that the Exchange makes available for use by Clearing Members.

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

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### **CFE Policy and Procedure III. Resolution of Error Trades (Rule 416)**

**A. – H.** No changes.

**I. *Busting or Adjusting Block Trades and the Contract Leg of Exchange of Contract for Related Position Transactions Posted by Mistake***

The help desk is authorized to bust or adjust any [posted] Block Trade or Contract leg of an Exchange of Contract for Related Position transaction posted by the help desk if there is a mistake or inaccuracy in the manner in which the help desk posted the Block Trade or Contract Leg and an Authorized Reporter for or party to the transaction notifies the help desk of the mistake or error in accordance with Rule 414(j) or Rule 415(i), as applicable, within thirty minutes from the time the help desk transmits the transaction summary for the transaction to the Authorized Reporters for the transaction.

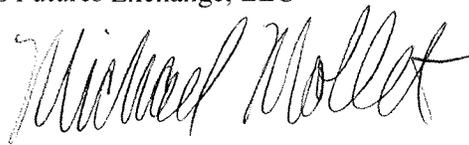
The help desk is authorized to bust or adjust any Block Trade or Contract leg of an Exchange of Contract for Related Position transaction that is electronically reported to the CBOE System if all of the following three conditions are satisfied: (i) there was a mistake or inaccuracy in the electronic submission of that transaction to the CBOE System or in the content of the transaction summary; (ii) an Authorized Reporter for or party to the transaction notifies the help desk of the mistake or error in accordance with Rule 414(o) or Rule 415(n), as applicable, within thirty minutes of the time the CBOE System transmits the transaction summary to the Authorized Reporters for the transaction; and (iii) an Authorized Reporter or party on both sides of the transaction agree upon the inaccuracy in the electronic submission or content of the transaction summary and the corrections to the inaccurate information.

**J. – M.**            No changes.

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Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 or Jenny Golding at (312) 786-7466. Please reference our submission number CFE-2014-08 in any related correspondence.

CBOE Futures Exchange, LLC



By: Michael Mollet  
Managing Director

cc: Nancy Markowitz (CFTC)