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Via Electronic Mail

Mr. David Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: CBOE Futures Exchange, LLC
Submission Number CFE-2011-23

Dear Mr. Stawick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended ("Act"), and §40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission under the Act, CBOE Futures Exchange, LLC ("CFE" or "Exchange") hereby submits a CFE rule amendment ("Amendment") to adopt new CFE Rule 404A and to amend a number of other CFE rules and CFE Policy and Procedure II in order to provide for Trade at Settlement ("TAS") transactions on CFE. The Amendment will become effective on November 4, 2011.

A TAS transaction is a transaction in a contract at a price or premium equal to the daily settlement price, or a specified differential above or below the daily settlement price, for the contract on a trading day. The actual amount of a TAS transaction price or premium is determined subsequent to the transaction based upon the daily settlement price of the contract. CFE currently is only going to permit TAS transactions in CBOE Volatility Index (VIX) futures.

CFE believes that TAS transactions will facilitate trading in the VIX futures contract by market participants that desire to execute trades at or near the daily settlement ("closing") price. For example, certain market participants have issued exchange-traded products (exchange-traded notes ("ETNs") and exchange-traded funds ("ETFs")) intended to track the performance of indexes linked to VIX futures. Since daily redemption values for VIX-linked ETNs or ETFs tend to be measured relative to the closing levels of their benchmark indexes - and the closing prices of the constituent VIX futures - issuers often wait until immediately prior to the close of trading to enter their replicating or hedging orders. Some of these market participants have suggested that a TAS transaction capability would help them improve tracking relative to their benchmark indexes and better enable them to execute VIX futures transactions at the closing price or a specified amount above or below that price.

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://efe.cboe.com/aboutefe/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:

CBOE Futures Exchange, LLC Rules

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Rule 171. Trade at Settlement or TAS Transaction

The term "Trade at Settlement" or "TAS" transaction has the meaning set forth in Rule 404A(a).

Rule [171] 172. Trading Hours

The term "Trading Hours" has the meaning set forth in Rule 402(a).

Rule [172] 173. Trading Privilege Holder

The term "Trading Privilege Holder" means any Person holding Trading Privileges. Trading Privilege Holders shall be deemed to be members of the Exchange for purposes of the CEA and Commission Regulations thereunder.

Rule [173] 174. Trading Privileges

The term "Trading Privileges" means a permit conferred by the Exchange on any Person in accordance with Rule 305 to access the CBOE System.

Rule [174] 175. Treasurer.

The term "Treasurer" means the individual appointed by the Board from time to time to serve as treasurer of the Exchange.

Rule [175] 176. Vice President

The term "Vice President" means any individual appointed by the Board from time to time to serve as a vice president of the Exchange.

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CFE Rule 404A. Trade at Settlement Transactions

(a) A Trade at Settlement ("TAS") transaction is a transaction in a Contract at a price or premium equal to the daily settlement price, or a specified differential above or below the daily settlement price, for the Contract on a trading day. The actual amount of a TAS transaction price or premium is determined subsequent to the transaction based upon the daily settlement price of the Contract.

(b) The rules governing a Contract shall specify if TAS transactions are permitted in that Contract. If TAS transactions are permitted in a Contract, the rules governing the Contract shall set forth the extent to which TAS transactions in that Contract may occur on the CBOE System, as spread transactions, as Block Trades and/or as Exchange of Contract for Related Position

transactions; the trading hours for TAS transactions in that Contract; the permissible price range from the daily settlement price for each of the permitted types of TAS transactions in that Contract; and the permissible minimum increment for each of the permitted types of TAS transactions in that Contract.

(c) TAS orders and quotes in a Contract will interact only with other TAS orders and quotes in the Contract and will not interact with non-TAS orders and quotes in the Contract. The same execution priorities that are applicable to non-TAS orders and quotes in a Contract shall also apply with respect to TAS orders and quotes in the Contract, unless otherwise specified in the rules governing the Contract.

(d) All TAS orders are required to be Day Orders. TAS market orders and TAS stop orders are not permitted.

(e) If TAS spread transactions are permitted in a Contract, (i) the provisions of Exchange Policy and Procedure II relating to spread order processing shall be applicable to those transactions, except that (A) any TAS spreads are required to be two-legged spreads where the ratio of the number of contracts in one leg to the number of contracts in the other leg is 1:1 and (B) paragraphs (a), (d) and (e)(iii) of Exchange Policy and Procedure II shall not apply to TAS spread transactions and (ii) any TAS Block Trade spread transactions are required to be two-legged spreads where the ratio of the number of contracts in one leg to the number of contracts in the other leg is 1:1.

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CFE Rule 414. Exchange of Contract for Related Position

(a) - (g) No changes.

(h) Each party to an Exchange of Contract for Related Position transaction is obligated to have an Authorized Reporter call the Help Desk after the transaction is agreed upon to notify the Exchange of the terms of the transaction. For this purpose, agreement to the transaction includes, without limitation, agreement to the 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 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,

(i) if the transaction is agreed upon between the time that Trading Hours commence in the relevant Contract and 3:15 p.m. Chicago time, this notification to the Help Desk shall be made without delay and by no later than ten minutes after the transaction is agreed upon (in which event the Help Desk will report the transaction and provide a written transaction summary on that day pursuant to paragraph (j) below);

(ii) if the transaction is agreed upon between 3:15 p.m. Chicago time and 3:25 p.m. Chicago time, this notification to the Help Desk shall be made either

(A) on the day the transaction is agreed upon by no later than 3:25 p.m. Chicago time (in which event the Help Desk will report the transaction and provide a written transaction summary on that day pursuant to paragraph (j) below) or

(B) on the following Business Day by no later than ten minutes from the time that Trading Hours commence in the relevant Contract (in which event the Help Desk will report the transaction and provide a written transaction summary on that Business Day pursuant to paragraph (j) below); and

(iii) if the transaction is agreed upon after 3:25 p.m. Chicago time and prior to the time that Trading Hours commence in the relevant Contract on the following Business Day, this notification to the Help Desk shall be made on that following Business Day by no later than ten minutes from the time that Trading Hours commence in the relevant Contract (in which event the Help Desk will report the transaction and provide a written transaction summary on that Business Day pursuant to paragraph (j) below).

(i) 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 (j) below).

(j) The Help Desk will report the Contract leg of the transaction to the CBOE System and provide a written transaction summary 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

(k) - (m) No changes.

CFE Rule 415. Block Trading

(a) - (f) No changes.

(g) Each party to a Block Trade is obligated to have an Authorized Reporter call the Help Desk after the transaction is agreed upon to notify the Exchange of the terms of the transaction. For this purpose, agreement to the transaction includes, without limitation, agreement to the 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 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,

(i) if the transaction is agreed upon between the time that Trading Hours commence in the relevant Contract and 3:15 p.m. Chicago time, this notification to the Help Desk shall be made without delay and by no later than ten minutes after the transaction is agreed upon (in which event the Help Desk will report the transaction and provide a written transaction summary on that day pursuant to paragraph (i) below);

(ii) if the transaction is agreed upon between 3:15 p.m. Chicago time and 3:25 p.m. Chicago time, this notification to the Help Desk shall be made either

(A) on the day the transaction is agreed upon by no later than 3:25 p.m. Chicago time (in which event the Help Desk will report the transaction and provide a written transaction summary on that day pursuant to paragraph (i) below) or

(B) on the following Business Day by no later than ten minutes from the time that Trading Hours commence in the relevant Contract (in which event the Help Desk will report the transaction and provide a written transaction summary on that Business Day pursuant to paragraph (i) below); and

(iii) if the transaction is agreed upon after 3:25 p.m. Chicago time and prior to the time that Trading Hours commence in the relevant Contract on the following Business Day, this notification to the Help Desk shall be made on that following Business Day by no later than ten minutes from the time that regular Trading Hours commence in the relevant Contract (in which event the Help Desk will report the transaction and provide a written transaction summary on that Business Day pursuant to paragraph (i) below).

(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 and provide a written transaction summary 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) - (m) No changes.

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Rule 1202. Contract Specifications

(a) - (p) No changes.

(q) Trade at Settlement Transactions. Trade at Settlement ("TAS") transactions pursuant to Rule 404A are permitted in VIX futures and may be transacted on the CBOE System, as spread transactions, as Block Trades (other than as a strip) and as Exchange of Contract for Related Position transactions. The trading hours for all types of TAS transactions in VIX futures are from 7:00 a.m. Chicago time to 3:12 p.m. Chicago time. The permissible price range for all types of TAS transactions in VIX futures is from \$100 (0.10 index points x \$1,000) below the daily settlement price to \$100 above the daily settlement price. The permissible minimum increment for TAS non-spread transactions in VIX futures that are transacted on the CBOE System is 0.05 index points, and the permissible minimum increment for TAS spread transactions, Block Trades and Exchange of Contract for Related Position transactions in VIX futures is 0.01 index points.

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Rule 1302. Contract Specifications

(a) - (p) No changes.

(q) Trade at Settlement Transactions. Trade at Settlement ("TAS") transactions are not permitted in CBOE S&P 500 Three-Month Variance futures.

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Rule 1402. Contract Specifications

(a) - (p) No changes.

(q) Trade at Settlement Transactions. Trade at Settlement ("TAS") transactions are not permitted in Mini VIX futures.

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Rule 1502. Contract Specifications

(a) - (p) No changes.

(q) Trade at Settlement Transactions. Trade at Settlement ("TAS") transactions are not permitted in Weekly Options on Mini VIX Futures.

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Rule 2002. Contract Specifications

(a) - (p) No changes.

(q) Trade at Settlement Transactions. Trade at Settlement ("TAS") transactions are not permitted in RPX Futures.

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Rule 2302. Contract Specifications

(a) - (p) No changes.

(q) Trade at Settlement Transactions. Trade at Settlement ("TAS") transactions are not permitted in S&P 500 Variance futures.

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CBOE Futures Exchange, LLC Policies and Procedures

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Policy and Procedure II. Spread Order Processing

(a) - (e) No changes.

(f) The provisions of this Policy and Procedure II shall only apply to TAS transactions to the extent set forth in Rule 404A(c).

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Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 or Jennifer Klebes at (312) 786-7466. Please reference our submission number CFE-2011-23 in any related correspondence.

CBOE Futures Exchange, LLC

By: Andrew Lowenthal / Jk
Andrew Lowenthal
Managing Director

cc: Riva Adriance (CFTC)
Joseph Cisewski (CFTC)
National Futures Association
The Options Clearing Corporation