July 16, 2021

Christopher J. Kirkpatrick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

      Re: <u>Cboe Futures Exchange, LLC Rule Certification</u>
                 <u>Submission Number CFE-2021-022</u>

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 and clarify three rule provisions relating to CFE's match trade prevention ("MTP") functionality. Exhibit 1 to this submission sets forth the rule changes included in the Amendment. The Amendment will become effective on August 1, 2021.

CFE Rule 406B (Match Trade Prevention) provides that the Exchange shall make available to CFE Trading Privilege Holders the ability to utilize MTP functionality and describes that functionality. The Amendment includes three revisions to Rule 406B.

First, CFE is clarifying in Rule 406B(a) that single orders may be marked with an MTP modifier at the order level or at the match capacity allocation level and that single orders may be marked to override an MTP setting at the match capacity allocation level. An MTP modifier setting at the match capacity allocation level is a port level setting which automatically applies the MTP modifier that is set at the match capacity allocation level to all single orders and quotes that are submitted through that match capacity allocation. CFE is retaining the current provision in Rule 406B(a) related to marking quotes with an MTP modifier. In particular, quotes may be marked with an MTP modifier at the match capacity allocation level, but unlike single orders, may not be marked with an MTP modifier at the level of an individual quote due to the nature of a quote message.

Second, CFE is amending Rule 406B(a) to add the missing word "as" to an existing sentence within that provision without changing the substance of that sentence.

Third, CFE is updating the requirement related to the use of CFE MTP functionality by CFE designated primary market makers ("DPMs") and lead market markers ("LMMs") in connection with updates that CFE is making to its DPM and LMM programs. Each of these programs currently contains a requirement that DPMs and LMMs utilize MTP functionality in connection with trading in the product(s) covered by the applicable program. For ease of program administration and monitoring of DPM and LMM market performance, CFE is amending the terms of the programs through separate rule certifications to require that each DPM and LMM designate in advance to the Exchange a single executing firm ID ("EFID") through which the DPM or LMM will provide orders or quotes to satisfy

the market performance benchmarks under the applicable program. As a result of this change, CFE is also amending the terms of the programs to conform the existing obligation relating to the use of MTP functionality to utilization by a DPM or LMM of a designated EFID under the applicable program. Rule 406B(g) currently contains an equivalent provision regarding the use of MTP functionality to the one that is contained in each of the existing DPM and LMM programs. CFE is updating Rule 406B(g) in the same manner that it is updating the corollary provisions under the DPM and LMM programs so that these provisions remain equivalent.

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 Designated Contract Market Core Principles 2 (Compliance with Rules), 4 (Prevention of Market Disruption), 7 (Availability of General Information), 9 (Execution of Transactions), and 12 (Protection of Markets and Market Participants). Requiring DPMs and LMMs to utilize Exchange MTP functionality contributes to the avoidance of inadvertent self-trades by DPMs and LMMs and is a further mechanism to inhibit the potential for wash trading by DPM and LMM program participants in addition to CFE's surveillance for wash trading activity. This requirement also contributes to the integrity and price discovery process of CFE's market. Additionally, the Amendment furthers the availability of general information regarding CFE's market by adding a missing word to a CFE rule and by clarifying and further describing in CFE's rules the manner in which CFE MTP functionality may be utilized in the connection with the submission of single orders to CFE's trading system.

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/) 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-2021-022 in any related correspondence.

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Cboe Futures Exchange, LLC

/s/ Michael Mollet

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By: Michael Mollet
         Managing Director

EXHIBIT 1

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

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Cboe Futures Exchange, LLC
Rulebook

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406B.   Match Trade Prevention

(a)   *Match Trade Prevention Modifiers*. The Exchange shall make available to Trading Privilege Holders the ability to utilize Match Trade Prevention ("MTP") functionality in a form and manner prescribed and provided by the Exchange.

Single Orders may be marked with an MTP modifier at the Order level <u>or at the match capacity allocation level, and single Orders may be marked to override an MTP setting at the match capacity allocation level</u>. Quotes may be marked with an MTP modifier at the quoting match capacity allocation level such that the MTP modifier applies to all Quotes submitted through the quoting match capacity allocation while that particular setting is in place. An incoming Quote or resting bid or offer established by a Quote is treated the same <u>as</u> an Order for MTP purposes.

Any incoming Order designated with an MTP modifier is prevented from executing against a resting opposite side Order also designated with an MTP modifier and originating from the same EFID, Trading Privilege Holder identifier, or trading group identifier (any such identifier, a "Unique Identifier"). The MTP modifier on the incoming Order controls the interaction between two Orders marked with MTP modifiers.

(b) - (f)   No changes.

(g)   *DPMs and LMMs*. Each ~~Trading Privilege Holder approved by the Exchange as a~~ designated primary market maker <u>("DPM")</u> ~~or~~ <u>and</u> lead market maker <u>("LMM") for a product</u> is required to utilize Exchange MTP functionality with respect to trading in ~~the product(s) for which that organization is approved as a designated primary market maker or lead market maker~~ <u>that product through the EFID that the DPM or LMM has designated to the Exchange for use under the DPM or LMM program for that product</u>.

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