



October 23, 2012

**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 Rule Certification  
Submission Number CFE-2012-27

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 (“CFTC”) under the Act, CBOE Futures Exchange, LLC (“CFE” or “Exchange”) hereby submits an amendment (“Amendment”) to amend CFE Rule 2302(o) by revising the price ranges for the threshold widths that are applicable to the S&P 500 Variance futures contract. The Amendment will become effective on November 6, 2012.

CFE recently submitted a product certification and rule certification for the S&P 500 Variance futures contract.<sup>1</sup> In connection with that filing, CFE established, among other provisions, a graduated range of threshold widths based on price ranges that are expressed in volatility points. Thresholds widths are a market protection feature that prevent the execution of market orders unless the prevailing bid/ask width is within a designated range.<sup>2</sup> CFE now proposes to clarify and further refine the price ranges of the threshold widths for the S&P 500 Variance futures contract by expressing them in hundredth increments instead of whole number increments.

CFE believes that the Amendment is consistent with Designated Contract Market Core Principle 4 (Prevention of Market Disruption) under Section 5 the Act because the Amendment further implements the market order protection feature of CFE’s trading system which prevents the execution of market orders unless a specified threshold width is met and thus furthers the goal of preventing price distortions.

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

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<sup>1</sup> See CFE Product Certification and Rule Certification Number CFE-2012-18.

<sup>2</sup> The manner in which this market order protection feature functions is described in CFE Policy and Procedure II (Market Order Processing), which is set forth in the Policies and Procedures portion of CFE’s Rulebook.

certifies that it 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:

**CBOE Futures Exchange, LLC Rules**

\* \* \* \* \*

**2302. Contract Specifications for S&P 500 Variance Futures**

(a) – (n) No change.

(o) *Threshold Widths.* For purposes of Policy and Procedure I and Policy and Procedure II, the Threshold Widths for the S&P 500 Variance futures contract are as follows:

<b>Price Range in Volatility Points</b>	<b>Threshold Width</b>
1 – 15. <u>00</u>	5.00
[16] <u>15.01</u> – 25. <u>00</u>	7.50
[26] <u>25.01</u> – 40. <u>00</u>	10.00
[41] <u>40.01</u> – 100. <u>00</u>	20.00
[101] <u>100.01</u> [- 10000] +	50.00

The minimum size of bids and offers that establish a Threshold Width is a contract amount equal to 1,000 vega [notational] notional.

(p) – (s) No change.

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Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 or Jenny Klebes-Golding at (312) 786-7466. Please reference our submission number CFE-2012-27 in any related correspondence.

CBOE Futures Exchange, LLC



By: James F. Lubin  
Managing Director

cc: Nancy Markowitz (CFTC)  
National Futures Association  
The Options Clearing Corporation