



December 6, 2013

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-2013-39

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”) to adopt CFE Rule 406A (Self-Trade Prevention Modifiers) in connection with the implementation by the Exchange of Self-Trade Prevention modifier functionality. The Amendment will become effective on or after December 23, 2013, on a date to be announced by the Exchange through the issuance of a circular.

Rule 406A will allow CFE Trading Privilege Holders (“TPHs”) to elect to mark their orders and quotes with a Self-Trade Prevention modifier and sets forth how those modifiers will function. TPHs may choose from among three different Self-Trade Prevention modifiers: Cancel Newest, Cancel Oldest, or Cancel Both.

The following eligibility criteria must all be applicable in order for a Self-Trade Prevention modifier to prevent the execution of a TPH’s order or quote against a resting opposite side order or quote from the TPH: (i) the TPH must have elected to mark its orders and quotes with a Self-Trade Prevention modifier; (ii) the inbound order or quote and the resting order or quote must each have been submitted to CFE’s trading system through the same login or through logins assigned to the same TPH which the TPH has designated to the same acronym group; (iii) the sub-account value for the inbound order or quote must be the same as the sub-account value for the resting order or quote; and (iv) both the inbound order or quote and the resting order or quote must not have an account type that translates to Customer Type Indicator (“CTI”) code 4.

As more fully described in Rule 406A, if a TPH elects to utilize a Self-Trade Prevention modifier, any order or quote submitted by the TPH to CFE’s trading system will be prevented from executing against a resting opposite side order or quote from the TPH that meets the above eligibility criteria and will result in the TPH’s interest being cancelled according to the elected Self-Trade Prevention modifier (i.e., newest, oldest, or both).

Although the use of a Self-Trade Prevention modifier is not mandatory, the failure of a TPH to utilize a Self-Trade Prevention modifier will be deemed an aggravating factor if the TPH is found to have engaged in wash trading that otherwise would have been prevented by using a Self-Trade Prevention modifier.

CFE believes that the Amendment is consistent with Designated Contract Market Core Principles 4 (Prevention of Market Disruption), 7 (Availability of General Information), 9 (Execution of Transactions), and 12 (Protection of Markets and Market Participants) under Section 5 of the Act. In particular, the Amendment is designed to protect against self-trading that violates CFE's wash trading prohibitions, making CFE contracts less susceptible to manipulation, price distortion, and disruption. The Amendment also makes available to TPHs and other market participants information regarding the manner in which Self-Trade Prevention modifiers will function on CFE by setting forth this information in CFE's rules.

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 406A. Self-Trade Prevention Modifiers

(a) Each Trading Privilege Holder shall have the ability to elect to mark its Orders and quotes with a Self-Trade Prevention modifier. If a Trading Privilege Holder makes such an election, an eligible Order or quote submitted by the Trading Privilege Holder will be prevented from executing against a resting opposite side eligible Order or quote from the Trading Privilege Holder in a manner determined by the Exchange and as described in this Rule 406A.

(b) The following eligibility criteria must all be applicable in order for a Self-Trade Prevention modifier to prevent the execution of a Trading Privilege Holder's Order or quote against a resting opposite side Order or quote from the Trading Privilege Holder:

(i) The Trading Privilege Holder must have elected to mark its Orders and quotes with a Self-Trade Prevention modifier in a form and manner prescribed by the Exchange;

(ii) The inbound Order or quote and the resting Order or quote must each have been submitted to the CBOE System through the same login or through logins assigned to the same Trading Privilege Holder which the Trading Privilege Holder has designated to the same acronym group, in a form and manner prescribed by the Exchange;

(iii) The sub-account value for the inbound Order or quote must be the same as the sub-account value for the resting Order or quote; and

(iv) Both the inbound Order or quote and the resting Order or quote must not have a CBOE account type that translates to Customer Type Indicator (CTI) code 4.

(c) A Trading Privilege Holder may elect to mark its Orders and quotes with one of the following Self-Trade Prevention modifiers: Cancel Newest, Cancel Oldest or Cancel Both. Except as set forth in paragraphs (e) and (f) below, the election shall apply with respect to all of the Trading Privilege Holder's eligible Orders and quotes in all Exchange Contracts. The election cannot be made on a per-Order, per-quote or Contract-by-Contract basis. The election shall apply to both single leg orders and Spread Orders, including if a single leg order would execute against a Spread Order. When a Self-Trade Prevention modifier causes a quote to be canceled, the cancellation applies with respect to both the bid and offer sides of the quote.

(d) The Self-Trade Prevention modifiers function in the following manner:

(i) *Cancel Newest Self-Trade Prevention Modifier.* Any incoming eligible Order or quote submitted by a Trading Privilege Holder will not execute against any opposite side resting eligible Order or quote from the Trading Privilege Holder. The incoming Order or quote (or any portion thereof) will be canceled back to the Trading Privilege Holder if the Order or quote cannot trade with another Order or quote that is not an eligible Order or quote from the Trading Privilege Holder (for the purposes of this Rule 406A, a "Non-Restricted Order or Quote"). The incoming order or quote may only trade with a Non-Restricted Order or Quote if that Order or quote is at as good a price as the eligible Order or quote from the Trading Privilege Holder that is being bypassed. The resting eligible Order or quote from the Trading Privilege Holder will remain in the order book.

(ii) *Cancel Oldest Self-Trade Prevention Modifier.* Any incoming eligible Order or quote submitted by a Trading Privilege Holder will not execute against any opposite side resting eligible Order or quote from the Trading Privilege Holder. When a Trading Privilege Holder submits an incoming eligible Order or quote that would trade against an opposite side resting eligible Order or quote, the opposite side resting eligible Order or quote will be canceled. The incoming eligible Order or quote may trade with a Non-Restricted Order or Quote. If any portion of the incoming eligible Order or quote does not trade with a Non-Restricted Order or Quote, it will be entered into the order book.

(iii) *Cancel Both Self-Trade Prevention Modifier.* Any incoming eligible Order or quote submitted by a Trading Privilege Holder will not execute against any opposite side resting eligible Order or quote from the Trading Privilege Holder. When a Trading Privilege Holder submits an eligible incoming Order or quote that would trade against an opposite side resting eligible Order or quote, the opposite side resting eligible Order or quote will be canceled. The incoming eligible Order or quote (or any portion thereof) will be canceled back to the Trading Privilege Holder if that Order or quote (or part of that Order or quote) cannot trade with a Non-Restricted Order or Quote.

(e) If a Trading Privilege Holder elects to mark its Orders and quotes with one of the Self-Trade Prevention modifiers: The Cancel Oldest Self-Trade Prevention method shall apply to the

Trading Privilege Holder's eligible Orders and quotes in the case of an opening or re-opening and in the case of request-for-quote ("RFQ") responses irrespective of which Self-Trade Prevention modifier the Trading Privilege Holder has elected. The older of the two eligible Orders or quotes submitted by the Trading Privilege Holder will be canceled during the completion of the opening, reopening or RFQ process and will not be canceled before that time. The newer Order or quote will be permitted to trade with Non-Restricted Orders or Quotes, and any remaining portion thereof will be entered into the order book. In the case of an opening or reopening, the Cancel Both Self-Trade Prevention method shall apply during the completion of the opening or reopening process to any eligible Orders or quotes submitted by a Trading Privilege Holder that have the same order book entry time and are executable against each other, irrespective of which Self-Trade Prevention modifier the Trading Privilege Holder has elected.

(f) A quote in a Contract submitted through a login or through logins designated to the same acronym group will replace and not execute against any resting quote in the Contract submitted through that login or acronym group irrespective of whether a Self-Trade Prevention modifier election has been made and of which Self-Trade Prevention modifier may have been elected.

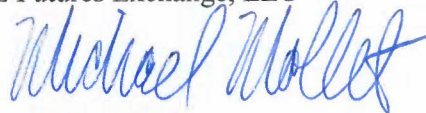
(g) If a Spread Order is resting in the order book and the prevailing bid or offer for one or more legs of the spread are updated in such a manner that the resting Spread Order becomes executable with a derived spread market that is calculated from the disseminated market of each leg of the spread, the resting Spread Order will be treated as an incoming order for purposes of the application of the Self-Trade Prevention modifiers.

(h) Although the use of a Self-Trade Prevention modifier is not mandatory, the failure of a Trading Privilege Holder to utilize a Self-Trade Prevention modifier will be deemed an aggravating factor if the Trading Privilege Holder is found to have engaged in wash trading that otherwise would have been prevented by using a Self-Trade Prevention modifier.

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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-2013-39 in any related correspondence.

CBOE Futures Exchange, LLC



By: Michael Mollet
Managing Director

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