



November 16, 2011

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-2011-26

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" or "Commission") under the Act, CBOE Futures Exchange, LLC ("CFE" or "Exchange") hereby submits a CFE rule amendment ("Amendment") to: (1) change the last trading day for the CBOE Volatility Index ("VIX") futures contract from the business day prior to the final settlement date to the final settlement date; (2) permit trading in expiring VIX futures on their final settlement date during a portion of extended trading hours prior to the final settlement; and (3) prohibit Trade at Settlement ("TAS") transactions in expiring VIX futures on their final settlement date. To implement these changes, the Exchange is amending various portions of CFE Rule 1202 which sets forth the contract specifications for VIX futures. The change provided for in this Amendment will apply to all VIX futures contracts currently listed for trading on CFE as well as to all VIX futures contracts first listed for trading on or after the effective date of this Amendment. The Amendment will become effective on December 1, 2011.

Currently, expiring VIX futures stop trading on the business day immediately preceding the final settlement date.¹ The Amendment permits trading in expiring VIX futures from 7:00 a.m. (Chicago time) to 8:15 a.m. (Chicago time) on their final settlement date.² Due to the continued growth in VIX futures trading, the Exchange believes that there is a demand to trade in

¹ The final settlement date for the VIX futures contract is on the Wednesday that is thirty days prior to the third Friday of the calendar month immediately following the month in which the applicable VIX futures contract expires. If the third Friday of the month subsequent to expiration of the applicable VIX futures contract is a Chicago Board Options Exchange, Incorporated ("CBOE") holiday, the final settlement date for the contract shall be thirty days prior to the CBOE business day immediately preceding that Friday.

² The trading hours for VIX futures are from 7:00 a.m. Chicago time to 3:15 p.m. Chicago time. The time period from 8:30 a.m. Chicago time until 3:15 p.m. Chicago time is considered regular trading hours for VIX futures, and the time period from 7:00 a.m. Chicago time until the commencement of regular trading hours for VIX futures is considered extended trading hours for VIX futures. Trading in non-expiring VIX futures would continue to be permitted during the full extended trading hours and regular trading hours on the final settlement date for expiring VIX futures.

expiring VIX futures contracts during a shortened portion of extended trading hours on their settlement date. Overnight moves in the underlying S&P 500 Composite Stock Price Index can be significant. As a result, the Exchange believes that allowing trading on the settlement date prior to settlement will provide an opportunity for market participants to trade out of their positions that may have been impacted by overnight moves. TAS transactions in expiring VIX futures will be prohibited on their final settlement date, but will be permitted in non-expiring VIX futures traded on that day.

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 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

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1202. Contract Specifications

(a) No change.

(b) *Schedule and Prohibited Order Types.* The Exchange may list for trading up to nine near-term serial months and five months on the February quarterly cycle for the VIX futures contract. The final settlement date for the VIX futures contract shall be on the Wednesday that is thirty days prior to the third Friday of the calendar month immediately following the month in which the applicable VIX futures contract expires. If the third Friday of the month subsequent to expiration of the applicable VIX futures contract is a CBOE holiday, the final settlement date for the contract shall be thirty days prior to the CBOE business day immediately preceding that Friday.

The trading days for VIX futures contracts shall be the same trading days of options on the S&P 500 Composite Stock Price Index, as those days are determined by CBOE.

The trading hours for VIX futures contracts are from 7:00 a.m. Chicago time to 3:15 p.m. Chicago time, except that on the final settlement date for the relevant spot month, the trading hours for expiring VIX futures are from 7:00 a.m. Chicago time to 8:15 a.m. Chicago time. The time period from 8:30 a.m. Chicago time until 3:15 p.m. Chicago time shall be considered regular trading hours for the VIX futures contract, and the time period from 7:00 a.m. Chicago time until the commencement of regular trading hours for the VIX futures contract shall be considered extended trading hours for the VIX futures contract.

Market Orders for VIX futures contracts will not be accepted by the Exchange during extended trading hours for the VIX futures contract or during any other time period outside of regular trading hours for the VIX futures contract. Any Market Orders for VIX futures contracts received by the Exchange outside of regular trading hours for the VIX futures contract will be automatically rejected.

Stop Orders for VIX futures contracts will not be accepted by the Exchange at any time. Any Stop Orders for VIX futures contracts received by the Exchange at any time will be automatically rejected.

(c) – (d) No change.

(e) *Termination of Trading.* Trading on the VIX futures contract terminates on the [business day immediately preceding] the final settlement date of the VIX futures contract for the relevant spot month. [When the last trading day is moved because of an Exchange holiday, the last trading day for an expiring VIX futures contract will be the day immediately preceding the last regularly-scheduled trading day.]


(f) – (p) No change.

(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, except that on the final settlement date for the relevant spot month, TAS transactions in expiring VIX futures are prohibited. 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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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-2011-26 in any related correspondence.

CBOE Futures Exchange, LLC

By: 

Andrew Lowenthal
Managing Director

cc: Riva Adriance (CFTC)
Philip Colling (CFTC)
Thomas Leahy (CFTC)
National Futures Association
The Options Clearing Corporation