



December 22, 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-2011-29

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 revise CFE Policy and Procedure IX, which sets forth the CBOE Gold Volatility Index (“GVZ”) Futures Lead Market Maker Program. The Amendment broadens the application of the existing GVZ Lead Market Maker Program so that it now applies to Volatility Index security futures generally.¹ Additionally, the Amendment deletes obsolete text and slightly modifies the Market Performance Benchmarks under the Program. The Amendment will become effective on January 9, 2012.

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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¹ As set forth in the revised text of Policy and Procedure IX, the specific Volatility Indexes on which the Exchange may list security futures are identified in CFE Rule 1601.

CFE Policy and Procedure IX. [CBOE Gold] Volatility Index Security Futures Lead Market Maker Program

Trading Privilege Holders ("TPHs") may apply to the Exchange for appointment as a lead market maker in a [the CBOE Gold] Volatility Index ["GVZ"] security futures contract. The specific Volatility Indexes on which the Exchange may list security futures are identified in CFE Rule 1601. This [GVZ] Volatility Index Lead Market Maker Program is in addition to the Security Futures Market Maker Program under CFE Policy and Procedure VII, and any lead market maker under the [GVZ] Volatility Index Lead Market Maker Program must also be a market maker under the Security Futures Market Maker Program.

The Exchange may approve one or more TPHs as lead market makers in the [GVZ] Volatility Index Lead Market Maker Program for one or more Volatility Index security futures contracts. Any TPH that desires to apply for lead market maker status in a [the GVZ] Volatility Index security futures contract should submit an application in the form of a letter outlining the organization's qualifications and commitments. TPHs shall be selected by the Exchange based on the Exchange's judgment as to which applicants are most qualified to perform the functions of a lead market maker under the Program. Factors to be considered in making this selection may include, but are not limited to, satisfaction of the qualifications listed below as well as any one or more of the factors listed in CFE Rule 515(b), as applied to lead market maker applicants instead of with respect to DPM applicants.

The following describes the qualifications, market performance benchmarks, benefits, and appointment term under the [GVZ] Volatility Index Security Futures Lead Market Maker Program unless otherwise specified.

Qualifications

- Experience in trading futures and/or options on volatility indexes.
- Ability to automatically and systemically provide quotations.

Market Performance Benchmark[s]

- Throughout the trading day between 8:30 a.m. and 3:00 p.m. (or 3:15 p.m., as applicable), the TPH shall provide at least 95% of the time a [continuous] 2-sided quote for a minimum of 5 contracts within a maximum width of [\$0.15] \$0.20 in all [GVZ futures] contract months in the applicable Volatility Index security futures contract.
- The above [obligation] market performance benchmark shall be subject to relief in the event of a fast market in [GVZ] the applicable Volatility Index security futures contract or [SPDR Gold Shares (GLD)] the component options of the Volatility Index traded on CBOE or other extenuating circumstances or unusual market conditions to be determined solely by the Exchange. Under conditions as specified in the foregoing sentence, the TPH shall use commercially reasonable efforts to provide a continuous quote and to respond to requests for a quote.

The Exchange may terminate, place conditions upon, or otherwise limit a TPH's appointment as a lead market maker under the Program if the TPH fails to satisfy the market performance benchmarks under the Program. However, failure of a TPH to satisfy the market performance benchmarks under the Program shall not be deemed a violation of Exchange rules.

Benefit[s]

- During the time period until September 30, 2011, transaction fees will be rebated for each TPH appointed as a lead market maker under the Program for all GVZ futures trades by that TPH resulting from quotes or resting orders provided by the TPH. For purposes of the Program, a resting order is any order received by the CBOE System at least 3 seconds before its execution.]
- [During the time period until September 30, 2011, the Exchange will maintain a "revenue pool" equal to 40% of all transaction fees collected by the Exchange, minus rebated transaction fees for TPHs appointed as lead market makers under the Program, for transactions in GVZ futures. During the time period from October 1, 2011 t]Through December 31, 2012, the Exchange will maintain a revenue pool for each Volatility Index security futures contract equal to 20% of all transaction fees collected by the Exchange in that contract for TPHs appointed as lead maker makers under the Program in that contract. [the "revenue pool" will be 20% of all transaction fees assessed and collected by the Exchange for transactions in GVZ.] The revenue pool will be allocated monthly to TPHs appointed as lead market makers under the Program in the applicable Volatility Index security futures contract on a pro-rata basis based on the contract volume in [GVZ futures] in that contract of those TPHs during the prior month resulting from quotes and resting orders provided by those TPHs. For purposes of the Program, a resting order is any order received by the CBOE System at least 3 seconds before its execution.

Term

- The Program and each lead market maker appointment under the Program will expire on December 31, 2012. The Exchange may determine to extend the term of the Program and lead market maker appointments under the Program, allow the Program and lead market maker appointments under the Program to expire, terminate the Program and all lead market maker appointments under the Program at any time, or replace the Program with a different lead market maker program at any time.

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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-2011-29 in any related correspondence.

CBOE Futures Exchange, LLC



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National Futures Association
The Options Clearing Corporation