8011-01p
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-73009; File No. SR-CFE-2014-004)

September 5, 2014

Self-Regulatory Organizations; CBOE Futures Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Position Limits for Individual Stock Based and Exchange-Traded Fund Based Volatility Index Security Futures

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 ("Act"),[1] notice is hereby given that on August 26, 2014 CBOE Futures Exchange, LLC ("CFE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change described in Items I, II, and III below, which Items have been prepared by CFE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. CFE also has filed this proposed rule change with the Commodity Futures Trading Commission ("CFTC"). CFE filed a written certification with the CFTC under Section 5c(c) of the Commodity Exchange Act ("CEA")[2] on August 26, 2014.

I. Self-Regulatory Organization's Description of the Proposed Rule Change

CFE proposes to amend the position limits for Individual Stock Based and Exchange-Traded Fund Based Volatility Index Security Futures ("Volatility Index security futures") set forth in CFE Rule 1602(d).

The scope of this filing is limited solely to the application of the rule changes to security futures traded on CFE. The only security futures currently traded on CFE are traded under Chapter 16 of CFE's Rulebook which is applicable to Volatility Index security futures.

The text of the proposed rule change is attached as Exhibit 4 to the filing submitted by the Exchange but is not attached to the published notice of the filing.

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1 15 U.S.C. 78s(b)(7).

2 7 U.S.C. 7a-2(c).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, CFE included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. CFE has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

CFE is amending the three tiered position limit levels for Volatility Index security futures. CFE Rule 1602(d) currently provides that a person may not own or control:

(1) more than 50,000 contracts net long or net short in all Volatility Index security futures contracts on the same Volatility Index combined;

(2) more than 30,000 contracts net long or net short in the expiring security futures contract month for a Volatility Index security future; and

(3) more than 13,500 security contracts net long or net short in the expiring contract for a Volatility Index security future held during the last 5 trading days for the expiring Volatility Index security futures contract month.[3]

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[3] For the purposes of CFE Rule 1602(d), the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding shall be cumulated.

The first and second tier position limit levels for Volatility Index security futures are equivalent to the first and second tier position limit levels for security options on these same Volatility Indexes. See Chicago Board Options Exchange, Incorporated Rule 24.4C. (Position Limits for Individual Stock or ETF Based Volatility Index Options). CFE adopted the third tier position limit level for Volatility Index security futures

CFE periodically reviews position limit levels and has determined to make the following changes to the position limit levels for Volatility Index security futures as follows:

(1) reduce the all months position limit from 50,000 contracts to 30,000 contracts;

(2) reduce the spot month position limit from 30,000 contracts to 10,000 contracts; and

(3) replace the 5 days-to-expiration spot position limit of 13,500 contracts with a 1 day-to-expiration spot position limit of 1,000 contracts.[4]

The Exchange will continue to periodically review position limit levels for Volatility Index security futures in order to determine whether the existing position limit levels should remain or be adjusted. Accordingly, the Exchange may determine to increase the position limit levels that are the subject of this filing in the future. Among other things, CFE will review trading volume data and liquidity in the applicable Volatility Index security futures contract, and may propose alternate position limit levels. Any such change would be accomplished by way of a rule filing with the Commission.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,[5] in general, and furthers the objectives of Section 6(b)(5)[6] in particular in that it is

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because it was required by CFTC Regulation §41.25(a)(3)(i). In relevant part, CFTC Regulation §41.25(a)(3)(i) requires a designated contract market to "adopt a net position limit no greater than 13,500 (100-share) contracts applicable to positions held during the last five trading days of an expiring contract month [ ]" for security futures contracts.

4 The Exchange is replacing the 5-days-to-expiration limit with a 1-day-to-expiration limit because any potential pressures on liquidity are most acute on the day before expiration. In addition, this change is consistent with CFTC Regulation §41.25(a)(3)(i) described in footnote 3 because the newly reduced spot month position limit of 10,000 contracts is applicable sooner than the "last five trading days of an expiring contract month" and is less than the statutory maximum of 13,500 contracts during that five-day period.

5 15 U.S.C. 78f(b).

6 15 U.S.C. 78f(b)(5).

designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and in general, to protect investors and the public interest.

Specifically, the Exchange believes that the position limit level changes being made by this filing will diminish the opportunity to manipulate Volatility Index security futures and will protect against disruption in the underlying market.

B. Self-Regulatory Organization's Statement on Burden on Competition

CFE does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes that the proposed rule change will not burden competition because the new position limit levels will apply to all persons and the revised rule provisions do not discriminate between market participants.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The proposed rule change will become operative on September 11, 2014.

At any time within 60 days of the date of effectiveness of the proposed rule change, the Commission, after consultation with the CFTC, may summarily abrogate the proposed rule change and require that the proposed rule change be refiled in accordance with the provisions of Section 19(b)(1) of the Act.[7]

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CFE-2014-004 on the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CFE-2014-004. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F

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7 15 U.S.C. 78s(b)(1).

Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CFE-2014-004, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[8]

Kevin M. O'Neill
Deputy Secretary

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8 17 CFR 200.30-3(a)(12).