



8011-01p
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74204; File No. SR-CFE-2015-001)

February 4, 2015

Self-Regulatory Organizations; CBOE Futures Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Regarding Ownership and Control Reports

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 (“Act”),¹ notice is hereby given that on January 28, 2015 CBOE Futures Exchange, LLC (“CFE” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “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 January 28, 2015.

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

The Exchange proposes to amend its rule related to reportable positions. The scope of this filing is limited solely to the application of the rule amendments 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 Individual Stock Based and Exchange-Traded Fund Based Volatility Index security futures. The text of the proposed rule change is attached as Exhibit 4 to the filing but is not attached to the publication of this notice.

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

¹ 15 U.S.C. 78s(b)(7).

² 7 U.S.C. 7a-2(c).

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

The purpose of the proposed CFE rule amendments included as part of this rule change is to amend CFE Rule 412B (Reportable Positions): (i) to require that CFE Trading Privilege Holders ("TPHs") and non-TPHs must, in a form and manner prescribed by the Exchange, concurrently file with the Exchange a copy of all submissions required by the CFTC pursuant to the Final Rule adopted by the CFTC under the caption Ownership and Control Reports ("new OCR Rule")³; and (ii) to require that TPHs that are not CFE clearing members report to the Exchange certain information that the new OCR Rule requires for TPHs that are clearing members. The rule amendments included as part of this rule change are to apply to all products traded on CFE, including both non-security futures and security futures. CFE is making these rule amendments in conjunction with other rule amendments to CFE Rules that are not required to be submitted to the Commission pursuant to Section 19(b)(7) of the Act⁴ and thus are not included as part of this rule change.

CFE currently requires TPHs and non-TPHs to report to the Exchange, in a form and manner prescribed by the Exchange, reportable positions and related information relating to

³ 78 FR 69178 (Nov. 18, 2013).

⁴ 15 U.S.C. 78s(b)(7).

Exchange contracts that TPHs and non-TPHs are required to report to the CFTC under the CFTC's prior reporting rules. The new OCR Rule revises the information that TPHs and non-TPHs are required to report to the CFTC, including, among other things, a new CFTC Form 102 (Identification of Special Accounts, Volume Threshold Accounts, and Consolidated Accounts), which includes a new CFTC Form 102A (Identifying and reporting a *special account*) and a new CFTC Form 102B (Identifying and reporting a *volume threshold account*), and a new CFTC Form 71 (Identification of Omnibus Accounts and Sub-Accounts). In order for CFE to receive these new Forms relating to Exchange contracts that TPHs and non-TPHs will be required to report to the CFTC under the new OCR Rule, CFE is amending Rule 412B to expressly require TPHs and non-TPHs to file these new Forms with CFE concurrently with filing them to the CFTC. In addition, CFE is amending Rule 412B to require TPHs that are not clearing members (and are not covered under the new OCR Rule) to report certain information that relates to the identification and reporting of special accounts to the Exchange. CFE already requires that TPHs that are not clearing members report this type of information under existing CFE Rule 412B(a). To require TPHs that are not clearing members to continue to report certain information to CFE that is consistent with what they already report to CFE in this regard, CFE is proposing to add CFE Rule 412B(c) to make this clear.

Specifically, CFE is proposing to amend the title of CFE Rule 412B (Reportable Positions) by replacing the currently existing rule title with CFE Rule 412B (Ownership and Control Reports). This change incorporates the title of the new OCR Rule.

CFE is proposing to replace CFE Rule 412B(a) to reflect the new OCR Rule. CFE Rule 412B(a) currently provides that all TPHs shall report to the Exchange in a form and manner prescribed by the Exchange reportable positions and related information relating to Exchange

contracts that TPHs are required to report to the CFTC pursuant to CFTC regulations. The amendments replace this language and provide that each TPH shall, in a form and manner prescribed by the Exchange, concurrently file with the Exchange a copy of all CFTC Form 102 (including CFTC Form 102A and CFTC Form 102B) and CFTC Form 71 submissions (including any attachments, related submissions, or related information) relating to Exchange Contracts that each TPH is required to report to the CFTC pursuant to CFTC regulations.

CFE is also proposing to replace CFE Rule 412B(b) to reflect the new OCR Rule. CFE Rule 412B(b) currently provides that any Person (which is defined in CFE Rule 155⁵) that is not a TPH and that is required to report to the CFTC pursuant to CFTC regulations reportable positions and related information relating to Exchange contracts shall report the foregoing reportable positions and related information to the Exchange in a form and manner prescribed by the Exchange. The amendments replace this language and provide that any Person that is not a TPH and that is required to make to the CFTC pursuant to CFTC regulations CFTC Form 102 (including CFTC Form 102A and CFTC Form 102B) or CFTC Form 71 submissions (including any attachments, related submissions, or related information) relating to Exchange contracts shall concurrently file with the Exchange copies of all of the foregoing CFTC Form 102 (including CFTC Form 102A, CFTC Form 102B, and CFTC Form 102S) or CFTC Form 71 submissions (including any attachments, related submissions, or related information) in a form and manner prescribed by the Exchange.

CFE is proposing to amend CFE Rule 412B to add CFE Rule 412B(c) to require that each TPH that is not a clearing member shall, in a form and manner prescribed by the Exchange, report to the Exchange the same information regarding the identification and reporting of special

⁵ CFE Rule 155 defines Person to mean any natural person, association, partnership, limited liability company, joint venture, trust or corporation.

accounts relating to Exchange contracts that each TPH that is a clearing member is required to report to the CFTC pursuant to CFTC regulations.

Lastly, CFE is proposing to amend the contract specifications for its security futures products to reflect the new OCR Rule's definition of reportable trading volume as trading volume of 50 or more contracts, during a single trading day, on a single reporting market that is a designated contract market or swap execution facility, in all instruments that such reporting market designates with the same product identifier. Specifically, CFE is amending CFE Rule 1602(n) to provide, "Pursuant to Commission Regulation §15.04 and Commission Regulation Part 17, the trading volume that is required to be reported to the Commission is 50 or more futures contracts in a Volatility Index futures contract during a single trading day."⁶

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Sections 6(b)(5)⁸ and 6(b)(7)⁹ in particular in that it is designed:

- to prevent fraudulent and manipulative acts and practices,
- to promote just and equitable principles of trade,
- to foster cooperation and coordination with persons engaged in facilitating transactions in securities,

⁶ CFE Rule 1601 defines Volatility Index futures contracts as Individual Stock Based and Exchange-Traded Fund Based Volatility Index security futures contracts and provides a list of the Volatility Index futures contracts that CFE may list for trading.

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

⁹ 15 U.S.C. 78f(b)(7).

- 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.

The Exchange believes that the proposed rule change will strengthen its ability to carry out its responsibilities as a self-regulatory organization. CFE must receive the information that TPHs and non-TPHs provide to the CFTC under the new OCR Rule in order to carry out CFE's market surveillance program. For this same reason, CFE also must receive the information that TPHs that are not clearing members provide to the CFTC regarding the identification and reporting of special accounts that TPHs that clearing members must provide to the CFTC under the OCR Rule. In addition, the amendments expressly provide that these TPHs and non-TPHs must provide this information in the form and manner prescribed by the Exchange, which will allow the information's seamless integration into the Exchange's market surveillance program and systems utilized by CFE and its regulatory services provider.

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, in that the rule change enhances CFE's market surveillance program. The Exchange believes that the proposed rule change is equitable and not unfairly discriminatory because the amendments would apply equally to all TPHs and non-TPHs that are subject to the applicable requirements.

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 effective on or after February 11, 2015, on a date to be announced by the Exchange through the issuance of a circular. The Exchange will make

the effective date of the rule change consistent with the timing of the implementation of the new OCR Rule by the CFTC.

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.¹⁰

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-2015-001 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-2015-001. 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

¹⁰ 15 U.S.C. 78s(b)(1).

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 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-2015-001, 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.¹¹

Brent J. Fields,
Secretary.

[FR Doc. 2015-02643 Filed 02/09/2015 at 8:45 am; Publication Date: 02/10/2015]

¹¹ 17 CFR 200.30-3(a)(12).