SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Cboe Futures Exchange, LLC: Notice of a Filing of a Proposed Rule Change Regarding Rule Consolidation

February 17, 2021.

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 (“Act”),1 notice is hereby given that on February 3, 2021 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.2 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 3c(c) of the Commodity Exchange Act (“CEA”)3 on January 28, 2021.

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

The Exchange proposes to streamline the manner in which CFE’s rules require CFE Trading Privilege Holders (“TPHs”) to comply with CFTC regulations relating to minimum financial requirements, financial reporting requirements, and protection of customer funds. The scope of this filing is limited solely to the application of the proposed rule change to security futures that may be traded on CFE. Although no security futures are currently listed for trading on CFE, CFE may list security futures for trading in the future. 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

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

Chapter 5 (Obligations of Trading Privilege Holders) of the CFE Rulebook currently includes a lengthy Appendix that contains twenty CFE rules numbered Rules 518 through 537. Each of these rules provides that any TPH subject to an enumerated CFTC Regulation that violates the specified Regulation shall be deemed to have violated that CFE rule. The CFTC Regulations referenced in the Appendix relate to minimum financial standards for intermediaries, the segregation of customer and proprietary funds, the custody of customer funds, the investment standards for customer funds, intermediary default procedures, and related recordkeeping. The Appendix is lengthy because it includes twenty separate CFE rules. The Appendix is also lengthy because each of these CFE rules includes CFE rule language as well as a restatement of the provisions of the applicable CFTC Regulation that is referenced in the rule which follows after the CFE rule language.

The proposed rule change streamlines the manner in which the requirements under the Appendix to Chapter 5 are presented in the CFE Rulebook while maintaining the same requirements within the Rulebook that are currently provided for under the Appendix. Specifically, the proposed rule change consolidates those requirements by enumerating all of them within current CFE Rule 518 (Compliance with Minimum Financial Requirements, Financial Reporting Requirements, and Requirements Relating to Protection of Customer Funds) instead of within an Appendix to Chapter 5. The proposed rule change also deletes the restatement of all of the provisions of the CFTC Regulations referenced in the Appendix while maintaining within Rule 518 reference to those same CFTC Regulations and to the subject matter of those regulations.

The following table identifies for each of the current CFE rules that is proposed to be consolidated into Rule 518 the rule

<table>
<thead>
<tr>
<th>Current CFE Rule</th>
<th>Proposed Rule 518 Requirement</th>
</tr>
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<tbody>
<tr>
<td>518(a)</td>
<td>518(d)</td>
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<tr>
<td>518(b)(6)</td>
<td>518(e)</td>
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<tr>
<td>518(c)</td>
<td>518(f)</td>
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</tbody>
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2 The Commission notes that the Exchange originally filed its proposed rule change regarding rule consolidation on January 29, 2021 (SR–CFE–2021–001). SR–CFE–2021–001 was subsequently withdrawn and replaced by this filing in order to correct certain typographical errors in the Exhibit 1 and proposed rule text.