**Cantor Futures Exchange, L.P.**
**CFTC Rule 40.6 Rule Certification**
**Submission 2015-5**
**April 30, 2015**

1. The text of a Cantor Futures Exchange ("CX") Incentive Fee Program and a Fee Rebate Program, adopted pursuant to CX Rule III-5, and being certified to the Commodity Futures Trading Commission ("Commission") under Commission Rule 40.6, is appended as Attachment A. In addition, the text of a related Advisory in the form of "Frequently Asked Questions" ("FAQ") is also being certified under 40.6. The text of the FAQ is appended as Attachment 2.

2. The date of intended implementation of the proposed amendments and their related FAQ advisory is ten business days following the filing of this submission.

3. Attached, please find a certification that: (1) the incentive and fee rebate program rules and the related advisory FAQ comply with the Commodity Exchange Act ("Act"), and the Commission's regulations thereunder; and (2) concurrent with this submission, Cantor Futures Exchange, L.P. (CX") posted on its website: (i) a notice of pending certification of the rule submissions with the Commission; and (ii) a copy of this submission.

4. A concise explanation and analysis of the operation, purpose, and effect of the rules and the related advisory FAQ appear below.

5. There were no opposing views expressed regarding the rules or the advisory FAQ.

6. Confidential treatment is not requested.

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**EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE AND EFFECT OF THE PROPOSED RULES, INCLUDING THE RELATED ADVISORY FAQ AND ITS COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT**

CX recently amended its rules to include provisions which apply to "Referring Participants." See Rules III-3, III-5 and III-11. A "Referring Participant" is defined by CX rules as meaning a Participant that has been approved by the Exchange to solicit or refer another Person to become a Participant (the Referred Participant) or to solicit a Referred Participant's Orders, but not to enter such Referred Participant's Orders into the Trading System on behalf of that Referred Participant. Cantor Futures Exchange ("CX") Rule III-5 provides that, "The Board of Directors shall have the sole authority to set the times and amounts of any fees to be paid by Participants or any payments to be paid by the Exchange to Referring Participants."

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This rule amendment adopts an incentive program applicable to Referring Participants and a fee rebate program applicable to Participants with API connectivity to the Exchange.
In addition, because the incentive and rebate programs are the first of their kind for CX, the FAQ is intended to announce their initiation and their operation. At the same time, because the rules relating to Referring Participants, which add a new category of Participant to the exchange, are new, the attached FAQ is also intended generally to clarify and explain the operation of the Referring Participant rules. The terms of the incentive and rebate programs are contained in Attachment 1, as well as being included in summary fashion in the FAQ, which is Attachment 2. The FAQ is not intended to modify or amend the meaning of the rules or the manner in which they operate with respect to the activities of Referring Participants.

The Incentive and Fee Rebate Programs are intended to encourage trading on CX, including in particular by Participants with API connections and by Participants that have been referred to the Exchange.

CX reviewed the Core Principles for Designated Contract Markets under section 5(d) of the Commodity Exchange Act, 7 U.S.C. §1 et seq. ("Act"). Core Principle (1)—Designation as a Contract Market; Core Principle (4) Prevention of Market Disruption; Core Principle (9) Execution of Transactions; and Core Principle (18) Recordkeeping are potentially applicable to this rule.

The programs do not impact CX's ability to perform trade practice and market surveillance of its market as required by Core Principles 1 and 4. The programs do not affect order execution on CX. See Core Principle 9. Participants in the program will be selected using criteria provided in Attachment 1 and the program is available to any Referring Participant or Participant that meets the terms of the respective programs. Records relating to administration of the program will be maintained in accordance with the requirements of Commission Rule 1.31.

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**CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE ACT, 7 U.S.C. §7a-2 AND COMMODITY FUTURES TRADING COMMISSION RULE 40.6, 17 C.F.R. §40.6**

I hereby certify that the foregoing rule amendments (including a related advisory FAQ) comply with the Commodity Exchange Act, 7 U.S.C. §1 *et seq.* and regulations thereunder.

By: Nolan Glantz

Title: COO

Dated: 4/30/2015

I hereby certify that a copy of this filing was posted on the Cantor Futures Exchange, L.P. website the day of its submission to the Commission.

By: Nolan Glantz

Title: COO

Dated: 4/30/2015

**ATTACHMENT 1**

**Cantor Exchange**
**2015 Referring Participant Incentive and API Participant Fee Rebate Programs**

**Programs' Purpose**

The purpose of these respective Incentive and Fee Rebate programs is to enhance market liquidity on CX. Greater liquidity benefits all participants in the market by adding depth and narrowing bid/offer spreads.

**Scope**

The respective programs apply to Referring Participants and to Participants with API connectivity to CX. The incentive program applies to any Participant who applies to become, is accepted as, and remains in good standing as, a Referring Participant, and who actively refers Participants to CX. Any Participant that applies to connect, maintains an API connection, and actively uses such API connection is eligible for a fee rebate. Please see the FAQ entitled "Cantor Exchange 2015 Referring Participant Incentive and API Participant Fee Rebate Programs Frequently Asked Questions" for additional information concerning the programs.

**Eligible Program Participants**

There is no limit on the number of participants under the programs. All Referring Participants and all Participants with API connectivity are eligible to participate in the respective programs.

**Programs' Term**

The start date is the effective date of this notice which is ten business days following its certification to the Commodity Futures Trading Commission for a term of two years. The programs may be renewed at the end of this period on the same terms.

**Incentives**

Upon meeting all obligations of the programs participants in the programs will be eligible to receive predetermined incentives as follows:

> **Schedule of Incentive Payments to Referring Participants**
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> Payments are made per round turn according to the following schedule:
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> For Referring Participants (other than Independent Software Vendors):

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- $1.00 per 100 round turns if Cantor Direct front-end connection is via API interface.

- $0.75 per 100 round turns if Cantor Direct front-end connection is via ISV interface.

For Referring Participants who are Independent Software Vendors:

- $1,500.00 for the first 1,000,000 round turns executed from orders submitted using the ISV software or fraction thereof and $1,500.00 for each 1,000,000 such round turns thereafter.

## **Schedule of Fee Rebates to API Participants**

Participants that trade exclusively via the Participant's API connection (that is, not utilizing a front-end trading GUI) are eligible for a fee rebate. Such Participants are not also eligible to receive Referring Participant Incentive Payments. Fee rebates to Participants trading through an API connection will be made according to the following schedule:

- $0.20 per 100 round turns.

## **Monitoring and Termination of Status**

Cantor Futures Exchange shall monitor trading activity and participants' performance and compliance and shall retain the right to terminate participant status for not conforming to the terms of the respective program.

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**ATTACHMENT 2**

**Cantor Exchange**
**2015 Referring Participant Incentive and API Participant Fee Rebate Programs**
**Frequently Asked Questions**

*What does it mean to be a Cantor Exchange Referring Participant?*

Anyone who solicits or refers another person to become a Participant of Cantor Exchange or who solicits another Participant's Orders must become a Cantor Exchange Referring Participant. Examples of such activities include, but are not limited to, anyone who solicits another person to become a Participant at Cantor Exchange, or who advises another person that he or she should trade binary options on Cantor Exchange, or who solicits another person in respect of the entry of Orders on Cantor Exchange.

*Who may become a Cantor Exchange Referring Participant?*

Anyone may become a Cantor Exchange Referring Participant by simply agreeing to the Cantor Exchange Participant Agreement and the Cantor Exchange Referring Participant Supplement, and by referring Participants to Cantor Exchange. Individuals, independent software vendors (ISVs), Commodity Trading Advisors and Introducing Brokers are eligible to become Referring Participants. Please see the remaining FAQs with important information about becoming a Referring Participant and registration with the National Futures Association ("NFA").

*Is there any cost to become a Cantor Exchange Referring Participant?*

No, there is no cost to become a Referring Participant.

*Must a Referring Participant be registered with the NFA?*

Cantor Exchange rules require that if applicable, a Referring Participant be registered or exempt from registration in accordance with the Commodity Exchange Act and rules thereunder. Under the U.S. Commodity Exchange Act and the rules thereunder, many solicitation and/or advisory activities, including those that might be engaged in by Referring Participants, require registration with the NFA. There are also certain exemptions from NFA registration that may apply. Applicants to be Referring Participants are urged to consult with their counsel about these requirements.

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**The Programs**

Cantor Exchange has developed the 2015 Referring Participant Incentive Program ("Program") and an API Fee Rebate Program ("API Program" and together the "Programs") in recognition of the obligations of a Referring Participant to Cantor Exchange and the benefits to Cantor Exchange of increased liquidity associated with the activities of Referring Participants and of Participants with API connectivity to the Exchange.

The Fee Rebate Program for Participants with API connectivity is available to any Participant electing to connect in this manner and which actively trades using its API connection. The rebate is offered in recognition that such API-connected Participants will increase liquidity on the exchange through their increased trading activity, made possible through the API connectivity. Once an API connection is established, a Participant will receive Fee rebates according to the schedule published below on a monthly basis in arrears. Cantor Exchange reserves, in its discretion, the right to alter the amount of the rebate at any time.

Cantor Exchange will monitor Referring Participants and API Participants for compliance with the rules of the exchange and adherence to the terms of the respective Programs.

*My firm is an NFA registered Introducing Broker. How does the Cantor Exchange Incentive Program work in this case?*

As posted on the exchange website, you will receive a payment from the fees collected by Cantor Exchange for the number of round turns traded by any Cantor Exchange Participant for whom you are a Referring Participant. In this regard, a Participant identifies you as having referred the Participant to the exchange or as otherwise acting as their Referring Participant. The relationship between that Participant and you may be determined at the time that the Participant first registers, uses a trading interface provided by you, or otherwise lets Cantor Exchange know that the referring relationship exists.

Please note, Cantor Exchange is a non-intermediated exchange and therefore the Participant does all trading exclusively and directly with Cantor Exchange. Introducing Brokers may not place Orders for their clients into Cantor Exchange at any time.

*My firm is an NFA-registered Commodity Trading Advisor. How does the Program work in this case?*

Similar to Introducing Brokers, if you solicit or are providing trading advice or other similar services directly to Participants who are natural persons trading on Cantor Exchange, you will receive a Program payment from the fees collected by Cantor Exchange for the number of round turns traded by any Cantor Exchange Participant that identifies you as the Referring Participant. The relationship between that Participant and you may be determined at the time that the Participant registers, uses a trading interface provided by you, or otherwise lets Cantor Exchange know that the relationship exists.

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Please note, Cantor Exchange is a non-intermediated exchange and therefore the Participant does all trading exclusively and directly with Cantor Exchange. Commodity Trading Advisors may not place orders for their clients into Cantor Exchange at any time. Moreover, Commodity Trading Advisors are permitted to qualify as Referring Participants only with respect to Participants that are natural persons; Participants that are entities, such as commodity pools, are not permitted to be referred by a Referring Participant.

*My firm is an independent software vendor (ISV) and we are not registered with the NFA in one of the categories above. How does the Program work in this case?*

Independent Software Vendors that connect to Cantor Exchange are required to sign the exchange's Vendor Connectivity Agreement (VCA) and typically will not also be a Referring Participant. In this case, the ISV contracts directly with the Cantor Exchange Participant with respect to its services.

However, ISVs who have signed Cantor Exchange's VCA and who additionally offer services as a Referring Participant and have signed an agreement with Cantor Exchange to act in this capacity (as a Referring Participant) will qualify for the Program.

Please note that an ISV should confirm with its counsel that the activities in which it is engaging do not require registration with NFA. Payments made to ISV/Referring Participants will be made as provided under the Program payment schedule and will not be made on a per-trade basis.

*I am an individual Participant and wish to become a Referring Participant. May I participate in the Program and are there any limitations on my participation?*

Yes, individuals may become Referring Participants and participate in the Program. When you register as a Referring Participant you will receive an ID that should be given to those referred by you and provided by them to the exchange when they apply to become a Cantor Exchange Participant.

However, you should be aware that you are responsible for ascertaining whether your activities require registration with the NFA. Unless you are registered with the NFA as an Introducing Broker or Commodity Trading Advisor, Cantor Exchange will permit you to refer no more than 15 Participants in any 12-month period. However, please note that even with this exchange limitation other aspects of your business activities may require that you register. You should consult with your counsel on registration requirements.

*I run a newsletter. May I become a Referring Participant and participate in the Program?*

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Please note that you should confirm with your counsel whether the activities in which you are engaging require registration with NFA. If you are not registered with NFA, please see the above response for individuals acting as Referring Participants. If you are registered with the NFA, please see the response applicable to registered IBs or CTAs.

*Is the Program payment structure posted on the Cantor Exchange website the only one, or may my firm negotiate different terms reflecting the different nature of our referrals?*

Consistent with CFTC regulations, Cantor Exchange provides impartial access to its markets and services including comparable fee structures for all Participants and comparable benefits to all those eligible for the Program. The Program posted on the exchange's website is the only incentive program currently offered by the exchange; no bespoke terms or conditions are permitted.

*May a Participant identify with more than one Referring Participant?*

Yes. A Participant may identify more than one Referring Participant; however each round turn traded will be identified with a single Referring Participant for purposes of the Program payments.

*May a Participant be his or her own Referring Participant?*

No, a Participant may not self-refer.

*May a Participant cancel his or her referred relationship at any time?*

Yes, a Participant should simply notify Cantor Exchange at any time that he or she wishes to change or cancel a Referring Participant relationship that the Participant previously identified.

*May a Participant with API access to the exchange identify one or more Referring Participants in relation to the Participant's API trading?*

No, round turns entered by Participants with API access are ineligible to be associated with Referring Participants. However, Participants entering trades via API are eligible for the API Fee Rebate Program, which is a separate fee rebate payment program as posted on the exchange website.

*What is the API Fee Rebate Program?*

Participants who establish and use API connectivity to Cantor Exchange are eligible for fee rebates in the amount posted below. Fee rebates will be paid monthly in arrears and are determined based upon the volume of trading by such Participant. As noted above, Participants are not eligible to receive both API Fee Rebates and Referring Participant Incentive payments.

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*What is the amount of the Incentives or Fee Rebates?*

They are as follows:

## Incentives

Upon meeting all obligations of the programs, participants in the programs will be eligible to receive predetermined incentives as follows:

## Schedule of Incentive Payments to Referring Participants

Payments are made per round turn according to the following schedule:

For Referring Participants (other than Independent Software Vendors):

- $1.00 per 100 round turns if Cantor Direct front-end connection is via API interface.

- $0.75 per 100 round turns if Cantor Direct front-end connection is via ISV interface.

For Referring Participants who are Independent Software Vendors:

- $1,500.00 for the first 1,000,000 round turns executed from orders submitted using the ISV software or fraction thereof and $1,500.00 for each 1,000,000 such round turns thereafter.

## Schedule of Fee Rebates to API Participants

Participants that trade exclusively via the Participant's API connection (that is, not utilizing a front end trading GUI) are eligible for a fee rebate. Such Participants are not also eligible to receive Referring Participant Incentive Payments. Fee rebates to Participants trading through an API connection will be made according to the following schedule:

- $0.20 per 100 round turns.

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