

**ELX Futures, L.P.**  
**Rule Amendment Submission 2016-1**  
**November 16, 2016**

1. The text of the proposed amendment to the ELX Futures, L.P. (“ELX”) Rules is appended as Attachment A. Any additions are underlined and any deletions are struck through.
2. The date of intended implementation of the proposed amendment is ten business days following the filing of this submission.
3. Attached, please find a certification that: (1) the rule complies with the Commodity Exchange Act, and the Commission’s regulations thereunder; and (2) concurrent with this submission, ELX Futures posted on its website: (i) a notice of pending certification of the rule amendment with the Commission; and (ii) a copy of this submission.
4. A concise explanation and analysis of the operation, purpose, and effect of the amended rule appear below.
5. There were no opposing views expressed regarding this amended rule.
6. Confidential treatment is not requested.

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**CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND  
EFFECT OF THE CERTIFIED RULE AND ITS COMPLIANCE WITH APPLICABLE  
PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE  
COMMISSION’S REGULATIONS THEREUNDER**

Pursuant to Commission Rule 40.6(a)(7)(vi), the following is a concise explanation and analysis of the operation, purpose, and effect of the amended rule.

ELX is amending Rules II-1, II-2, II-5, and II-6, and is deleting Rules II-3 and II-4, relating to the governance of the exchange. ELX has determined to simplify and streamline its governance structure. These changes will provide greater clarity and transparency by specifying the composition of the Board in ELX’s rule book. Moreover, ELX is eliminating references to a committee structure which is no longer pertinent. Finally, the amendments clarify the role of the Regulatory Oversight Committee.

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:

- (1) the amended Rule complies with the Commodity Exchange Act, and the Commodity Futures Trading Commission's regulations thereunder; and
- (2) concurrent with this submission, ELX Futures, L.P. posted on its website: (a) a notice of pending certification of the above Rule with the Commission; and (b) a copy of this submission



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By: Richard Jaycobs  
Title: Chief Executive Officer  
Date: November 22, 2016

# Attachment A—Amended Rule

*Additions are underlined, deletions are struck through.*

## CHAPTER II GOVERNANCE OF THE EXCHANGE

### II-1. Board

~~(a) The business and affairs of the Exchange shall be managed by the Board in accordance with the General Partner Operating Agreement. At all times, at least 35% of the members of the Board shall be Public Directors.~~

~~(b) The actions of the Board or of any committee of the Board (including any action of the Board or any committee of the Board specified under these Rules) shall be subject to review and approval by the Supervisory Board of the General Partner in accordance with the General Partner Operating Agreement, provided, however, that the Supervisory Board shall have no review or approval authority over (i) any action by the Regulatory Oversight Committee, except as any such action may pertain to budgetary matters (including any regulatory costs to be incurred at the direction of the Regulatory Oversight Committee) which are subject to review and approval by the Supervisory Board during certain specially designated meetings, or (ii) action by the Market Practices Committee establishing or modifying Contract specifications, trading protocols and conventions for the ELX System.~~

~~(c) The Board may act (including to appoint Public Directors, to the extent provided in the General Partner Operating Agreement) only by the decision of an absolute majority in number of the members of the Board, either by vote at a meeting or by written consent without a meeting.~~

~~(d) Each Public Director shall be appointed in accordance with the General Partner Operating Agreement, and shall serve for a term of two calendar years from the date of his or her appointment (or the remainder of any Public Director term to which he or she is appointed) and until his successor is duly appointed, or until his or her earlier resignation or removal for cause.~~

~~(e) The percentage of Public Directors required to serve on the Board or any Committee thereof pursuant to this Chapter II shall be deemed to be modified to comply with the CEA and CFTC Regulations, in each case, as in effect from time to time.~~

~~(f) Without limitation of any other provisions of this Rule II-1, the provisions of Article V and Article XII of the General Partner Operating Agreement shall be deemed to be part of these Rules, and shall be deemed to be incorporated herein, to the same extent and with the same force and effect as if set forth herein in their entirety.~~

(a) The business and affairs of the Exchange shall be managed by the Board of the General Partner in accordance with the ELX Futures Holdings, LLC Operating Agreement and Applicable Law.

(b) The number of directors on the Board shall be seven, at least three of whom shall be Public Directors (or such other percentage of the Board as may be required by the CFTC Regulations, as amended from time to time, provided that the number of Public Directors shall at all times equal no less than 35% of the entire Board). Any vote made by the Board that results in a tie will require that the Board reconvene to reconsider the matter until such tie is broken.

(c) The appointment of the members of the Board will be made by the General Partner. BGC Technology ELX Holdings, L.P., the sole member of the General Partner, shall make such appointments on behalf of the General Partner.

## **II-2. Standing Committees**

~~(a) Unless otherwise determined by the Board, the Board shall initially have three one~~ standing committees: ~~the “Executive Committee,” the “Market Practices Committee” and the “Regulatory Oversight Committee”.~~

~~(b) Except as otherwise specifically provided in these Rules, the members of standing committees shall be appointed in accordance with the General Partner Operating Agreement. The Board shall designate the chairperson of each standing committee by the chairperson of the Board, subject to approval by the Board, as promptly as possible after each annual meeting of the Exchange. Each appointee shall serve for one year or until the due appointment of his or her successor or his or her resignation or removal, with or without cause, by a majority vote of the Board. Subject to approval by the Board, the chairperson of the Board shall designate the chairperson of each standing committee.~~

~~(c) Each standing committee shall assist in the supervision, management and control of the affairs of the Exchange within its particular area of responsibility.~~

~~(d) Subject to the authority of the Board, each standing committee shall determine the manner and form in which its proceedings shall be conducted. Each standing committee may act only by the decision of an absolute majority in number of the members of such committee, either by vote at a meeting or by written consent without a meeting, and may act at a meeting or without a meeting, and through a quorum composed of a majority of all its members then in office, inclusive of *ex officio* members. Except as otherwise specifically provided in these Rules, the decision of a majority of those present at a meeting at which a quorum is present, or the decision of a majority of those participating when at least a quorum participates, shall be the decision of the standing committee. Any or all members of any standing committee may participate in any meeting thereof by telephone conference or similar communications equipment by means of which all members participating in such meeting can hear each other.~~

(e) In the event of the absence or disqualification of any member of a standing committee from any meeting thereof, each of the following individuals, in the order of their availability, may appoint another qualified individual to act at the relevant meeting in the place of any such absent or disqualified member: (i) the chairperson of the Board, (ii) the President or (iii) the chairperson of the standing committee in question.

### **II-3. Executive Committee Reserved**

~~The Executive Committee of the Board shall consist of certain members of the Board appointed by the Board and shall have such powers as shall be delegated by the Board. At all times, at least 35% of the members of the Executive Committee will be Public Directors.~~

### **II-4. Market Practices Committee Reserved**

~~The Market Practices Committee of the Board shall consist of certain members of the Board specified in the General Partner Operating Agreement or their designated representatives. The Market Practices Committee shall be responsible for establishing and modifying from time to time Contract specifications and trading protocols and conventions for the ELX System; designating and modifying from time to time products eligible for listing on the ELX System and establishing and modifying from time to time.~~

### **II-5. Regulatory Oversight Committee**

~~The Regulatory Oversight Committee of the Board shall consist only of Public Directors, who shall be members of the Board, and shall be appointed from time to time by the chairperson of, and approved by, the Board. Each member of the Regulatory Oversight Committee shall serve for a term of two calendar years from the date of his or her appointment or for the remainder of Public Director term to which he or she is appointed, and until the due appointment of his or her successor, or until his or her earlier resignation or removal (as a member of the Regulatory Oversight Committee or as a member of the Board) for cause. The Regulatory Oversight Committee shall oversee the Exchange's regulatory program on behalf of the Board. It shall make such recommendations to the Board as will, in its judgment, best promote the interests of the Exchange, provided that, for the avoidance of doubt, any dissenting opinions from one or more members of the Regulatory Oversight Committee shall be reported to the Board along with any such recommendation. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as the Board may delegate to it from time to time.~~

The Board shall confirm one member of the Regulatory Oversight Committee as the committee's chairperson. The Chairperson of the Regulatory Oversight Committee shall determine the agenda

for the committee and shall cast the tie-breaking vote on any matter where the voting members of the committee are equally divided.

Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have authority to:

(i) monitor the Exchange's regulatory program for sufficiency, effectiveness and independence,

(ii) oversee all facets of the Exchange's regulatory program, including trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Participants and their Authorized Traders, other Supervised Persons and Authorized Customers (including ensuring compliance with any financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of investigations~~and review of disciplinary actions,~~

(iii) review the size and allocation of the regulatory budget and resources; and the number, hiring and termination, and compensation of regulatory personnel,

(iv) supervise the Exchange's Compliance Director, who will report directly to the Regulatory Oversight Committee,

(v) prepare an annual report assessing the Exchange's self-regulatory program for the Board and the CFTC, which sets forth the regulatory program's expenses, describes its staffing and structure, catalogues disciplinary actions taken during the year, and reviews the performance of disciplinary committees and panels,

(vi) recommend changes that would ensure fair, vigorous, and effective regulation,

(vii) review regulatory proposals,~~as well as any proposals or actions of the Market Practices Committee,~~ and advise the Board as to whether and how such ~~proposals or actions~~ changes may impact regulation, and

(viii) exercise any other functions expressly assigned to it in these Rules.

## **II-6. Additional Committees and Panels**

(a) The Board may create such additional standing committees of the Board as it may from time to time deem necessary or advisable. ~~Except as may be specified in these Rules, each member of such committees must be a member of the Board.~~ Members of such committees must be members of the Board, provided that the President may be a voting *ex officio* member of any such standing committee.

(b) In addition to the standing committees, the Board may from time to time constitute and appoint, by ~~rule~~Rule or resolution, special committees of the Board and designate their composition, responsibilities and powers. The provisions regarding standing committees in Rule II-2 shall apply *mutatis mutandis* to any such special committees. At least 35% of the members of each special committee designated by the Board shall be Public Directors.

(c) The Exchange may create additional committees of the Exchange, or panels, for such purposes as may from time to time be necessary or advisable. Members of each such committee may be members of the Board, Participants (if individuals) or any of their Supervised Persons, or such other individuals as may be qualified to serve on such committee. At least 35% of the members of each such committee designated by the Board shall be Public Directors (or individuals that would qualify as Public Directors if they were members of the Board).