



April 18, 2024

Christopher J. Kirkpatrick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

Re: Cboe Clear Digital, LLC Rule Certification  
Submission Number CCD-2024-06C

Dear Mr. Kirkpatrick:

Cboe Clear Digital, LLC (“CCD” or “Clearinghouse”), a registered derivatives clearing organization (“DCO”) under the Commodity Exchange Act, as amended (“CEA” or the “Act”), hereby submits, pursuant to §40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission (“CFTC” or “Commission”) amendments to its: Futures Margin Model and Stress Scenarios<sup>1</sup> document, which includes CCD’s margin model (i.e., margin methodology) and stress model for margined futures contracts on bitcoin and ether (“Products”); and its Futures Margin Model and Stress Scenarios Governance Policy (“Amendment”). The CCD’s Futures Margin Model and Stress Scenarios document and Futures Margin Model and Stress Scenarios Governance Policy are set forth in a segregated confidential **Exhibits A** and **B** to this submission. The Amendment will become effective on May 2, 2024.

#### Overview of the Futures Margin Model and Stress Scenarios and the Governance Policy

The Futures Margin Model and Stress Scenarios (or, the “Risk Models”) include the margin methodology CCD uses to set initial margin requirements for its Clearing Members approved to clear the Products, and the stress models CCD uses to calibrate and test stress scenarios in connection with its credit exposure to Clearing Members under stressed market conditions, from which CCD calculates size of its Default Financial Resource Requirement.<sup>2</sup> The Risk Models are based on an analysis of the risk faced by the Clearinghouse due to potential futures price movements between collection of variation margin and an estimated time period in which a Clearing Member’s open positions can be liquidated in the event of a default.

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<sup>1</sup> Previously titled the Futures Market Risk Models.

<sup>2</sup> CCD’s Default Financial Resource Requirement is the total required amount of funds to meet or exceed CCD’s Daily Cover 2 Requirement, which is the sum of the two largest Clearing Member Groups where any stress test gains from one Clearing Member Group will not be allowed to offset the stress test losses from another Clearing Member Group.

The Futures Margin Model and Stress Scenarios Governance Policy (or, the “Governance Policy”) governs the Clearinghouse’s compliance with certain margin-related requirements set forth in CFTC Regulation § 39.13(g), including methodology and coverage, independent validation, margin requirement reviews and monitoring. The Futures Market Risk Models Governance Policy additionally provides for annual review of stress test scenarios by the Clearinghouse and the process to address any failures or delays in the Clearinghouse meeting certain margin-related requirements.

#### Description of the Amendment

CCD has the Risk Models independently validated on an annual basis. As a result of this independent analysis, the Amendment updates the Risk Models to incorporate historical data since the last update, various backtests and statistical analysis, adds certain new analysis and removes certain analysis that may not continue to add value, and updates certain sections for clarity.

Regrading the Governance Policy, the Amendment adds a section to clarify that the CCD Chief Risk Officer is responsible for executing the policy, that the Risk Management Department is the internal owner of the policy, and a section governing the management process for changes to the margin model.

#### Core Principle Compliance

CCD believes that the Amendment is consistent with the DCO Core Principles under Section 5 of the Act; in particular, DCO Core Principle D (Risk Management) as the Amendment ensures that:

- the Risk Models continue to assist CCD in managing the risks associated with discharging its responsibilities through the use of appropriate, tailored tools and procedures, including measurement of exposure, limitation of exposure to potential losses from defaults, margin requirements, and requirements regarding models and parameters; and
- the Governance Policy continues to appropriately govern the process in which CCD determines risk-based margin requirements, regularly reviews, monitors and tests its margin requirements, and ensures the margin required from each Clearing Member is sufficient to cover its potential exposures in normal market conditions.

#### Public Information

A notice and copy of this submission has been concurrently posted on Cboe Digital’s website at <https://www.cboedigital.com/regulation/exchange-notices/> under “CFTC Submissions.”

#### Opposing Views

CCD is not aware of any opposing views expressed regarding this Amendment.

Certification

CCD hereby certifies to the Commission, pursuant to the procedures set forth in Commission regulation §40.6, that this submission complies with the CEA, as amended, and the regulations promulgated thereunder.

Please contact me if you have any questions or wish to discuss this matter further.

Sincerely,

**/s/ Rebecca Tenuta**

Rebecca Tenuta  
Assistant General Counsel  
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