



November 1, 2023

Submitted via CFTC Portal

Office of the Secretariat  
U.S. Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street  
Washington, DC 20581

Re: Submission of Cboe SEF, LLC Rule Amendment (Submission No. 23-06)

Dear All:

Pursuant to Section 5c(c) of the Commodity Exchange Act (**CEA**) and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission (**Commission**), Cboe SEF, LLC (**Cboe SEF**) hereby submits an amendment (**Amendment**) to extend Cboe SEF's current market maker program (**Program**). The Amendment amends the Program by extending it for two years through December 31, 2025. The Amendment will become effective on January 1, 2024.

Cboe SEF Rule 318 (Market Maker Program) provides that to provide liquidity and help to maintain a fair and orderly market, from time to time the SEF may establish one or more market maker programs in such Products and for such periods of time that it deems appropriate. The SEF will notify Participants of its market maker programs by posting a Notice to Participants on the SEF's website, which will provide information concerning the market maker program.

The Program is set forth in the attached Exhibit A.

Cboe SEF believes that the Program is consistent with SEF Core Principle 2 (Compliance with Rules) under Section 5h of the CEA and Commission Regulation 37.202 in that the Program will be applied in an impartial, fair, and non-discriminatory manner and the Program will be made transparent to all Participants. In addition, the Program complies with Core Principle 2 and Commission Regulation 37.200 because it does not incentivize manipulative trading or market abuse or impact Cboe SEF's ability to perform its trade practice and market surveillance obligations under the Act and Cboe SEF Regulation staff will continue to monitor trading to prevent manipulative trading and market abuse. The Program also complies with the requirements for monitoring and trade processing in Core Principle 4 and Commission Regulation 37.401, and the recordkeeping and reporting requirements in Core Principle 10 and Commission Regulations 37.1000 and 37.1001.

Cboe SEF certifies that the Program complies with the CEA and the Commission's regulations. Cboe SEF further certifies that this submission has been concurrently posted on its website at <http://markets.cboe.com/global/fx/sef/resources/submissions>. No substantive opposing views were expressed with respect to the Rule Amendment.

If you have any questions regarding this submission, please contact me at (312) 786-7153 or [mmargolis@cboe.com](mailto:mmargolis@cboe.com).

Sincerely,

*[/s/ Michael H. Margolis](#)*

Michael H. Margolis  
VP, Chief Legal Officer FX  
Cboe SEF, LLC

Attachment

**EXHIBIT A**  
**Market Maker Program**



## ***CBOE SEF MARKET MAKER PROGRAM EXTENSION***

**Notice No.:** 23-17

**Date:** October 27, 2023

### ***OVERVIEW***

Cboe SEF, LLC (**Cboe SEF**) intends to extend its existing Market Maker Program (**Program**) effective January 1, 2024. Pursuant to Cboe SEF Rule 318, Cboe SEF has established these **Market Maker (MM) Standards** to describe certain general parameters associated with the designation by Cboe SEF of certain Participants of the Platform(s) as MMs in respect of NDF Transactions.

Capitalized terms used in these MM Standards that are not defined herein shall be as defined in the Cboe SEF Rulebook. Average Daily Volumes (**ADVs**) noted within these MM Standards are expressed in USD notional amounts, and ADVs are determined monthly with reference to trading activity in respect of the previous calendar month.

### ***PRODUCTS AND ELIGIBILITY***

The Program is applicable with respect to NDF Transactions.

Any Cboe SEF Participant may request the MM designation. There is no limit on the number of Participants that the SEF may approve under the Program. Participants shall be selected by Cboe SEF as MMs according to the MM Standards based on Cboe SEF's judgment as to which applicants are most qualified to perform the functions of an MM based on the standards set forth below.

Unless they notify the SEF to the contrary by January 1, 2024, those Participants that have been previously designated as MMs pursuant to SEF Rule 318 shall be deemed to have requested the MM designation under the Program.

### ***TERMS***

The Program and each MM appointment under the Program will expire on December 31, 2025. The SEF may determine to extend the term of the Program and MM appointments under the Program, allow the Program and MM appointments under the Program to expire, terminate the Program and all MM appointments under the Program at any time or amend or replace the Program with a different market maker program at any time.

### ***QUALIFICATIONS***

Potential MMs will be evaluated on their ability to automatically and systematically provide two-sided markets in NDF Transactions during SEF trading hours.

## **ONGOING MARKET MAKER STANDARDS**

Unless otherwise provided below, the Standards set forth in these MM Standards will take into account such Participant's activity in respect of NDF Transactions executed on Cboe SEF's Sweepable Platform only, Full Amount Platform only, or on both the Sweepable and Full Amount Platforms combined – each Platform as more fully described in Cboe SEF Rule 506(2). To retain its MM designation, a Participant must meet each applicable MM Standard each calendar month. At the beginning of each calendar month Cboe SEF will send to each MM an **MM Scorecard** listing any failure to meet any of the MM Standards during the previous calendar month.

A failure to meet one or more MM Standards in each month may result in a warning. Failing to meet the same or different MM Standard(s) over a period of consecutive months may result in suspension or removal of MM status in Cboe SEF's sole discretion. If a Participant loses its MM designation, such Participant may request consideration as a MM by re-applying for the MM designation.

<b>MM Standards</b>		
<b>Standard</b>	<b>Platform</b>	<b>Requirement</b>
<b>Passive ADV*</b>	<b>Sweepable</b>	N/A
	<b>Full Amount (FA)</b>	N/A
<b>Order Acceptance Rates ("OAR")**</b>	<b>Sweepable</b>	Minimum 75% (aggregate average across all feeds)
	<b>FA</b>	Minimum 90% (aggregate average across all feeds)
<b>Order Review Time Frame ("ORT")**</b>	<b>All</b>	Maximum 35ms
<b>Quote Duration</b>	<b>All</b>	Maximum 10% quotes <=5ms
<b>Quote Size</b>	<b>Sweepable (Non-Firm)</b>	Minimum quote Notional Amount of 1M units
	<b>Sweepable (Firm)</b>	Minimum quote Notional Amount of 500k units
	<b>FA</b>	Quote sizes as prescribed within Cboe SEF order entry specifications

\* "Passive" ADV means the ADV in respect of NDF Transactions entered into based on executable prices provided to the Platform by a Participant, which prices are subsequently aggressed upon by another Participant. Cboe SEF shall determine in its sole discretion whether a Participant is acting in a Passive capacity in respect of any NDF Transaction.

\*\* Only applicable to MMs providing non-firm liquidity to the relevant Platform(s).

## **BENEFITS**

Such designation may, in Cboe SEF's sole discretion, entitle a MM to provide firm and/or non-firm liquidity to the Platform(s) and receive certain post-trade data from Cboe SEF.

## ***ADDITIONAL INFORMATION***

If you have any questions regarding this Notice to Participants, please contact the FX Trade Desk at [fxtradedesk@cboe.com](mailto:fxtradedesk@cboe.com).

We appreciate your business. Our trading community inspires and drives our purpose of building trusted markets.

### **Cboe FX Trade Desk**

+1 212 378 8558 | [fxtradedesk@cboe.com](mailto:fxtradedesk@cboe.com)

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