



November 2, 2023

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

Re: Cboe Digital Exchange, LLC Rule Certification
Submission Number CDE-2023-08E

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Regulation 40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission (“CFTC” or “Commission”) under the Act, Cboe Digital Exchange, LLC (“CDE” or “Exchange”) hereby submits a License Incentive Program (“Program”). The Program is set forth in a segregated confidential **Exhibit A** to this submission. The Program may become effective on or after November 17, 2023, on a date to be announced by the Exchange through the issuance of an Exchange notice.

Program Description

As stated, **Exhibit A** sets for the terms of the Program. Exchange Rule 517 permits the Exchange to establish programs that provide Participants with financial incentives for meeting trading volume or liquidity thresholds or for other additive or economically beneficial activity as may be established by the Exchange; no rule change is required to establish the Program.

The Exchange intends to list digital asset futures on a margin basis in January 2024, which will be cleared through Cboe Clear Digital, LLC (“CCD” or the “Clearinghouse”), CDE’s affiliated derivatives clearing organization.¹ The Program provides a one-time, temporary license to eligible Trading Privilege Holders (“TPHs”) that are futures commission merchants (“FCMs”) to third-party processing technology to access the third-party back-office platform that will be used to process and clear transactions in margined futures contracts. The Program provides a one-time incentive for FCMs to become TPHs of the Exchange to connect to CDE in advance of CDE’s launch of physically- and financially- settled margined futures contracts in early 2024.

A TPH of the Exchange is an entity that is approved to hold Trading Privileges (i.e., membership) at the Exchange and is authorized pursuant to the CDE rules to directly access the Exchange. Further, a TPH that is duly registered as an FCM may provide execution services on behalf of customers. In order to become a TPH of the Exchange, connect to the Exchange, and provide execution services for Exchange participants, TPHs that are FCMs need to incur costs and spend internal resources to build out their systems and complete testing required to establish the

¹ In early June 2023, Cboe Clear, through which all Exchange products are settled and cleared, received Commission approval of an amended order of registration for Cboe Clear to clear digital asset futures on a margined basis for FCMs.

connection. The Program is intended to incentivize FCMs to become TPHs of the Exchange and offer execution services for customers in margin futures contracts listed and traded on CDE in light of these costs and the requisite resource commitment to expend the effort to do so.

In order to be eligible to participate in the Program, a participant must (i) meet the definition of an FCM under the Exchange rules; (ii) submit to the Exchange, in a time frame determined by the Exchange, a written request to participate in the Program; (iii) meet the criteria for becoming a TPH of the Exchange pursuant to CDE Rule 301 and submit to the Exchange all Participant Documentation required to become a TPH of the Exchange pursuant to CDE Rule 302; and (iv) complete required technical specifications as set forth in Exhibit A. The Exchange will select as Program participants four FCMs that submit a written request to the Exchange to participate in the Program, satisfy the above eligibility criteria, and offer the most economic benefit in support of participation in physically and settled margin contracts on the Exchange.

The Exchange will determine the Program commencement and termination date in connection with and around the planned launch date of margined futures on the Exchange, and issue notice of such Program dates. The Exchange may determine to extend the term of the Program, allow the Program to expire, or replace or modify the Program at any time.

Core Principle Compliance

CDE believes that the Program is consistent with Designated Contract Market Core Principles 2 (Compliance with Rules), 9 (Execution of Transactions), and 12 (Protection of Markets and Market Participants) under Section 5 of the Act. CDE has made the Program available to FCMs for legitimate business purposes in connection with its efforts to incentivize FCMs to become TPHs, connect to CDE, and enable their customers to execute orders in Cboe Digital margin products once launched. The Program will also enable CDE to expand marketability and visibility to other FCMs, which will spur interest in both the margin products and CDE broadly. The Program treats all participants eligible for the Program equally and it does not impact order execution priority or otherwise give any Participant an execution advantage. CDE believes that the Program will contribute to the provision of a competitive, open, and efficient market by attracting more FCMs to access and provide executions services to customers, which will encourage more customers to participate on the Exchange through FCMs, increasing overall participation and liquidity on the Exchange.

Public Information

We have concurrently posted a notice and copy of this submission on the Exchange's website at <https://www.cboedigital.com/regulation/exchange-notices/> under "CFTC Submissions."

Opposing Views

We are not aware of any opposing views to this self-certification.

Certification

Cboe Digital Exchange, LLC hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in Commission regulation §40.6, that this submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

If you have any questions regarding this submission, please contact the undersigned at the information below.

Sincerely,

/s/ Rebecca Tenuta

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