



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-2023-09E

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 an incentive program (the “Program”) applicable to all Trading Privilege Holders (“TPHs”) of the Exchange that meet the requirements of a Default Auction Liquidity Providers (“DALPs”), as described below. 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.

Exchange Rule 517 permits the Exchange to establish programs that provide TPHs with financial incentives for meeting trading volume thresholds or liquidity thresholds or 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 Q1 2024. The Program is designed to encourage more TPHs to become DALPs, thereby attracting additional interest and liquidity on the Exchange and further growing participation. The Exchange believes that implementing the Program will facilitate and accelerate the growth of the DALP population and thus the growth of CDE’s futures markets.

A DALP is a TPH of the Exchange who desires to participate in one or more default management auctions conducted by the Exchange’s affiliated derivatives clearing organization, Cboe Clear Digital, LLC (“Clearinghouse”) in the event a clearing member of the Clearinghouse is in default (“Auction”). Pursuant to a written DALP Agreement between the Clearinghouse and a DALP, among other requirements, a TPH that is a DALP is required to meet certain minimum participation thresholds in an Auction (“Minimum Participation Requirements”) and minimum quoting metrics on the Exchange during regular trading hours measured on a monthly basis (“Minimum Quoting Metrics”). In order to encourage TPHs to become DALPs and fulfill these requirements, under the Program CDE will select three DALPs will receive a monthly monetary incentive in support of providing liquidity in futures contracts listed on the Exchange. The specific Program details are reflected in Exhibit A, separately submitted to Commission staff pursuant to a Freedom of Information Act (“FOIA”) confidential treatment request.

The Exchange may determine to modify the term of the Program, allow it to expire, or replace or modify it at any time.

## **Core Principle Compliance**

CDE believes that the Program is consistent with the Designated Contract Market (“DCM”) Core Principles under Section 5 of the Act. In particular, CDE believes that the Program is consistent with DCM Core Principles 2 (Compliance with Rules), 4 (Prevention of Market Disruption), 9 (Execution of Transactions), and 12 (Protection of Markets and Market Participants). Specifically, TPHs eligible to participate in the Program, as DALPs, are obligated to follow the Exchange Rules, which include prohibitions against fraudulent, non-competitive, unfair, and abusive trading practices. The Program will not give any DALP a specific trading advantage as it treats all participants eligible for the Program equally and does not impact order execution priority or otherwise give any Participant an execution advantage. The Program will provide TPHs with a meaningful incentive to engage on CDE’s futures markets and will facilitate and accelerate the growth of such markets. The Exchange believes that the Program is beneficial to its futures markets by incentivizing the provision sufficient liquidity in the futures products offered by the Exchange, while also encouraging TPHs to participate in Auctions, thus providing liquidity and transparent pricing in the event of a clearing member default. Accordingly, CDE believes that the impact of the Programs will be beneficial to the public and market participants.

## **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/ Katherine Kirkpatrick**

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