



December 20, 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-2023-17E

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 updates to its License Incentive Program (“Program”), previously self-certified with the Commission pursuant to Regulation 40.6(a) (CDE-2023-08E). The Program is set forth in a segregated confidential **Exhibit A-1** and **Exhibit A-2** (marked changes) to this submission. The Program will become effective on January 5, 2024.

Program Description

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, which the Exchange plans to list beginning January 11, 2023.¹ 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 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.

Amendment Description

¹ All CDE Contracts are cleared through CDE’s affiliated derivatives clearing organization, Cboe Clear Digital, LLC.

The Program Term of the current Program has elapsed; therefore, the Amendment makes the following updates to the Program in connection with renewing the Program Term, as well as additional updates for clarity:

- updates the Program Term to run from January 5, 2024 through March 29, 2024;
- makes clear that an applicant may already be a Trading Privilege Holder of the Exchange to be eligible to participate in the Program (and still may apply to become one if not already); and
- clarifies that Program Participants must complete the required Participation Criteria by the end of the Program Term in order to receive the Program Incentive Payment.

The Amendment does not make any substantive changes to the Participation Criteria or Program Incentive Payment under the Program or the general purpose or function of the Program.

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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