



December 26, 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-2023-19E

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 the Futures Market Maker Incentive Program (“Program”). The Program is set forth in a segregated confidential **Exhibit A** to this submission. The Program will become effective on January 11, 2024.

CDE notes that Exchange Rule 517 permits the Exchange to establish programs that provide Trading Privilege Holders with financial incentives for meeting trading volume thresholds as may be established by the Exchange.

The Exchange intends to offer for trading digital asset futures on a margin basis beginning in January 2024. Under the Program, the Exchange will make available a cash incentive pool to be allocated pro-rata based on each eligible Program Participant’s volume, if they meet certain market making performance metrics each month in the Exchange’s margined futures contracts.¹ The monthly performance metrics include specific two-sided quoting requirements for certain size, spread, and time in the market per contract expiration.

The Program is designed to encourage CDE’s Trading Privilege Holders to make tight, liquid markets in new products launched on the Exchange. Participation in the Program will strengthen the quality of price discovery and depth of the order book and increase liquidity in margined futures contracts once listed on the Exchange. The Program is intended to begin on January 11, 2024 upon the launch of margined-futures products on the Exchange. The Program details are reflected in **Exhibit A**, separately submitted to Commission staff pursuant to a FOIA confidential treatment request. The Exchange may determine to modify 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 Programs are consistent with the Designated Contract Market

¹ Physically-settled bitcoin (“BTC”) and Ether (“ETH”) futures, and financially-settled bitcoin (“FBT”) and Ether (“FET”) futures.

("DCM") Core Principles under Section 5 of the Act. In particular, CDE believes that the Programs are consistent with:

- DCM Core Principle 2 (Compliance with Rules) for the following reasons:
 - All Trading Privilege Holders, including all eligible Program Participants, are obligated by CDE Rule 314 (Application of Rules and Consent to Exchange Jurisdiction) to comply with Exchange Rules. Exchange Rules include prohibitions against fraudulent, non-competitive, unfair, and abusive trading practices, and the Exchange monitors trading in all futures contracts for violative activity such as wash trading, manipulative trading, and market abuse; and
 - The Program will be open to all Trading Privilege Holders to apply to participate as a Program Participant and will offer the same pro-rata cash pool incentive structure for eligible Trading Privilege Holders;
- DCM Core Principle 4 (Prevention of Market Disruption) because CDE Rules prohibit participants, including all eligible Program Participants, from manipulating the market in, disrupting the orderly functioning of the market in, or creating a condition in which prices do not or will not reflect fair market values in CDE futures contracts, and CDE enforces compliance with such CDE Rules;
- DCM Core Principle 9 (Execution of Transactions) because the Program will not impact order execution priority or otherwise give any Program Participant an execution advantage. All CDE futures contracts are listed for trading in the open and competitive market, and the incentives under the Program will not adversely impact price discovery in the centralized market;
- DCM Core Principle 12 (Protection of Markets and Market Participants) because the CDE Rules include prohibitions against abusive practices, including abusive practices committed by a party acting as an agent for a participant, and promote fair and equitable trading, all of which will apply in relation to all activity in participation in the Program; and
- Core Principle 16 (Conflicts of Interest) because CDE has policies and procedures in place that are designed to minimize conflicts of interest and establish a process for resolving conflicts of interest, and enforces such policies and procedures. Specifically, the policies and procedures ensure that all CDE Trading Privilege Holders, including all Program Participants, are treated in the same manner; subject to the same access requirements and fees, and receive or have access to the same information. CDE may not and does not share confidential information with any Program Participant about planned initiatives that would provide a Program Participant with an advantage or inside information in relation to other TPHs or market participants, and as such, Program Participants are not involved in any part of the implementation of or selection process for the Program.

The Program will provide meaningful incentives to eligible Program Participants to engage on CDE's futures markets and will facilitate and accelerate the growth of such markets. The Exchange believes that the Program will enhance the price discovery process by promoting increased trading volume and liquidity in futures products traded on CDE's centralized market, thereby encouraging participation and growing quality markets on the Exchange, particularly as the Exchange introduces additional products. Accordingly, CDE believes that the impact of the

Program 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/ Rebecca Tenuta

Rebecca Tenuta
Senior Counsel
rtenuta@cboe.com
(773) 485-7926