



December 14, 2020

BY ELECTRONIC FILING

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: CFTC Regulation 40.2(a) Certification. Notification Regarding the Initial Listing of Eris Exchange RSBIX NFL Futures (Eris Exchange Submission #2020-11E)

Dear Mr. Kirkpatrick:

Eris Exchange, LLC (“Eris Exchange” or the “Exchange”) hereby notifies the Commodity Futures Trading Commission (the “Commission”), pursuant to Commission Regulation § 40.2, that it will list financially settled RSBIX NFL Futures Contracts (the “Contracts”) on Eris Exchange’s electronic trading platform.

This submission contains the following:

1. A summary of the Contracts (see Section 1);
2. A discussion demonstrating that the Contracts comply with the relevant Designated Contract Market Core Principles (“Core Principles”) as set forth in the Commodity Exchange Act (the “Act”) and Commission Regulations (see Section 2);
3. The Contract Specifications, which will appear in Exchange Rule 1101 (see Exhibit A); and
4. Certifications of compliance with the Act and rules thereunder, and posting on the Exchange’s website (see Section 3).

The listing of these Contracts will not otherwise require amendments to the Eris Exchange Rulebook.

1. Summary of the Contracts

Eris Exchange plans to list fully collateralized and financially settled Contracts with the specifications detailed below. Eris Exchange designed these contracts specifically to meet the hedging needs of commercial market participants. Furthermore, and as detailed below, trading in the Contracts will be limited to eligible contract participants (“ECPs”) that fall into one of the following categories: (1) commercial market participants seeking to hedge their cash market exposure; or (2) designated market makers.

A. The Underlying Cash Market Exposure – Licensed Sportsbooks, Vendors and Stadium Owners

After a May 2018 United States Supreme Court decision invalidated the Professional and Amateur Sports Protection Act, a number of States began to authorize sportsbooks to accept wagers on sporting events.¹ To date, 25 States and the District of Columbia have authorized sports betting by licensed sportsbook businesses (“Licensed Sportsbooks”).² The business model for the Licensed Sportsbooks is to generate revenue by charging a fee based upon the percentage of customer wagers. The Licensed Sportsbooks strive to operate a balanced book, meaning there are approximately equal wagers on either side of a sporting event. This allows a Licensed Sportsbook to be outcome-neutral on the result of a particular sporting event. Under this model, the winning wagers are paid with the funds collected from the losing wagers, and the Licensed Sportsbook generates revenue through the fees collected from both the winning and losing wagers. Contrary to popular belief, Licensed Sportsbooks do not seek to make money based upon the outcome of sporting events; rather they seek to maximize their revenue from the collection of fees.

Although 26 States or jurisdictions have authorized Licensed Sportsbooks to conduct business, a separate federal statute requires that each Licensed Sportsbook confine its operations within a single State.³ For example, a Licensed Sportsbook in New Jersey is only permitted to conduct business with individuals in New Jersey. This geographic limitation on patrons frequently creates commercial exposure that Licensed Sportsbooks currently are unable to hedge. Specifically, the confinement of customers based upon a geographic region oftentimes leads to unbalanced sports books because the regional customers favor the local sports teams. For example, a Licensed Sportsbook operating in New Hampshire may hold an unbalanced book because its customers gravitate in favor of the New England Patriots winning football games.

One mechanism to address the geographic bias is for the Licensed Sportsbook to establish “odds” on the outcome such as a “line” that adds or subtracts points from a team’s total. A typical line, for example, might be “Team A minus 3,” which means that Team A is favored by three points. If Team A wins by more than three points, a wager for Team A would win, but if Team A wins by fewer than three points or Team A loses the game, a wager for Team B would win.⁴ The main utility to establishing “odds” or “lines” is to balance a Licensed Sportsbook’s business, so that there are approximately equal wagers on either side of a sporting event, which in turn means that the Licensed Sportsbook’s revenue is not dependent on the outcome of the sporting event. Although adjusting the odds provides one tool for a Licensed Sportsbook to balance its books, there are limitations to the effectiveness of using odds to balance books. In particular, Licensed Sportsbooks face competition from illegal off-shore operations that are not subject to similar geographic constraints as the Licensed Sportsbook.

¹ See *Murphy v. National Collegiate Athletic Ass’n*, No. 16-476, 584 U.S. ____ (May 14, 2018).

² The 26 jurisdictions that already have authorized licensed (state or tribal) sports betting are Arkansas, Colorado, Delaware, the District of Columbia, Illinois, Indiana, Iowa, Louisiana, Maryland, Michigan, Mississippi, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Virginia, Washington and West Virginia.

³ 18 U.S.C. § 1084 (“Wire Act”).

⁴ Under this line, if Team A won by exactly three points, the amount wagered would be returned to customers, minus fees.

To the extent that a Licensed Sportsbook adjusts its odds for a particular sporting event, but when those adjustments differ materially from the more “natural” odds established by an illegal off-shore operation, then customers may decide to shift their business to that illegal off-shore operation because they perceive the odds at the illegal off-shore operation to be more favorable to their preference. In these circumstances, the Licensed Sportsbook is forced to choose between the following unattractive options: (1) prohibit additional wagers once an imbalance in its books reaches a certain threshold, putting an artificial structural constraint on its commercial operations; (2) offer customers a line that is inconsistent with its off-shore competitors, and thus, drive consumers to illegal off-shore operations; or (3) offer customers a line that is consistent with its off-shore competitors, but face significant financial exposure to the outcome of a sporting event because the supply/demand imbalance within the geographic region for the Licensed Sportsbook favors a particular outcome. One notable example of an imbalanced book relates to the 2019 Super Bowl between the New England Patriots and the Los Angeles Rams, when an imbalance in the books caused New Jersey Licensed Sportsbooks to lose more than \$4.5 million based upon the outcome of the Super Bowl.⁵ Similarly, Rhode Island Licensed Sportsbooks reportedly lost \$2.3 million on a total of \$6.5 million wagered on that same game – more than a third of the total volume wagered.⁶

In addition to Licensed Sportsbooks, vendors that sell goods, food, beverages and services at sports stadiums and arenas (“Vendors”) along with the owners of sports stadiums and arenas (“Stadium Owners”) also face significant commercial risk without an efficient means to hedge that risk. The revenue earned by Vendors and Stadium Owners is dependent almost entirely on attendance. Vendors earn revenue by virtue of selling goods, food, beverages and services to persons who attend games. Stadium Owners earn revenue primarily through ticket sales and other goods and services sold at the stadium. Because a team that is performing well (*i.e.*, winning games) generally draws larger crowds relative to a team performing poorly, a team’s win-loss record creates financial risk for Vendors and Stadium Owners. Furthermore, a team’s win-loss record dictates whether the team makes the playoffs and, therefore, is eligible to host additional games. For the same reason, a team’s win-loss record also dictates whether Vendors can sell goods, food, beverages and services and Stadium Owners can sell tickets and services at such additional games. At present, Vendors and Stadium Owners simply absorb the commercial risk that a team may not perform well and, thus, not attract robust attendance or host additional games.

⁵ See <https://nypost.com/2019/02/04/new-jersey-sportsbooks-lose-millions-on-patriots-rams-super-bowl/>.

⁶ See Sarah Doiron and Dan McGowan, “Big Super Bowl Win for Pats meant big payout for RI bettors,” at <https://www.wpri.com/news/local-news/providence/sports-betting-generates-6-million-in-super-bowl-wagers/1757750425>.

B. Only a Limited Class of Persons will be Eligible to Trade the Contracts

Eris Exchange will limit the scope of participants to ECPs, as defined in the Commodity Exchange Act and the CFTC's implementing regulations, that also are either: (i) Licensed Sportsbooks, Vendors, and Stadium Owners that have a demonstrated need to hedge their commercial risk; or (ii) designated market makers.

Consistent with existing Eris Exchange rules, a market maker must (a) meet the definition of a Professional Trading Firm; and (b) enter into a market making agreement with the Exchange. These agreements require, among other things, that market makers provide sufficient liquidity in the Contracts. The foregoing limitations on eligible participants mean that retail (non-ECP) persons and persons seeking to profit based upon the outcome of particular sporting events will not be eligible to trade the Contracts.

C. Summary of the Terms of the Contracts

Eris Exchange plans to list fully collateralized, financially settled Contracts with the specifications detailed below. The Contracts will be listed for individual sporting events, and will include contracts based on the moneyline, the point spread and the total points for each game. As noted above, trading in the Contracts is only available to Licensed Sportsbooks, Vendors, and Stadium Owners that have a demonstrated need to hedge financial exposure associated with their commercial business, and designated market makers. Furthermore, all participants must meet the definition of an ECP.

The Contracts must be fully funded and, as such, do not require any transfers of assets as part of a variation margin process. On a daily basis, there will be a closing price, calculated as described below. Because the Contracts are fully-funded at the time of execution, the daily closing or settlement price for these Contracts is relevant only for purposes of providing Participants with account statements.

The Contracts will be named: [league][week of the league season][away team][home team][moneyline; point spread; over/under value]. Exemplar Contracts are set forth below, and Exhibit A contains a detailed list of the Contract specifications. The league games will include pre-season games, regular season games, playoff games, and championship game(s).

i. Moneyline Contracts

The moneyline Contracts settle based upon the outright winner of a game, and each game will have a single moneyline contract. The buyer of a Contract (long position) would take the position that the away team will win the game, and the seller of a Contract (short position) would take the position that the home team will win the game. To use an example, assume the Eris Exchange listed the following Contract: NFL Week 1 New York Jets at Buffalo Bills. Further assume that Member A (market maker) bought a contract and Member B (Licensed Sportsbook) sold a contract at a price of \$40. Under this example, Member A would post to the Exchange \$400 as the buyer, and Member B would post to the Exchange \$600 as the seller. If the Buffalo Bills won the game, then the Contract settlement would result in Member B receiving \$1,000, its initial \$600 posted to the Exchange and the \$400 posted by Member A. If the game results in a tie, each member's collateral is returned.

ii. Point Spread Contracts

The point spread Contracts settle based upon the winner of a game after taking into account the away team's total points as adjusted by the point spread. The buyer of a Contract (long position) would take the position that the away team's adjusted points will be higher than the home team's actual points. The seller of the Contract (short position) would take the position that the away team's adjusted points will be lower than the home team's actual points. To use an example, assume the Eris Exchange listed the following Contract: NFL Week 1 Jets at Buffalo Bills Point Spread +3.0. Further assume that Member A (Licensed Sportsbook) bought a Contract and Member B (market maker) sold a Contract at a price of \$50. Under this example, Member A would post to the Exchange \$500 as the buyer, and Member B would post to the Exchange \$500 as the seller. If the final score was New York Jets 13 points and the Buffalo Bills 14 points, then the New York Jets' final adjusted score of 16 points (13 points plus 3 points, point spread) would be greater than the Buffalo Bills' actual number of 14 points. Under this example, the Contract settlement would result in Member A receiving \$1,000, its initial \$500 and the \$500 posted by Member B. If the two scores after point spread are equal and thus resulting in a tie, each member's collateral is returned to them.

For each game, Eris Exchange will initially list eleven point-spread Contracts. The point spread for each of the eleven Contracts will represent the national average point spread for the game at the time the Contract is listed along with five Contracts in half point (0.5) increments above and five Contracts in half point (0.5) increments below the national average point spread. The national point spread average will be determined by an industry-recognized third-party sports data provider, currently GSG, that has relationships with several major professional sports leagues and is licensed in several jurisdictions by state regulators to provide sports-related data, including line and odds information. After the Contracts are listed, the Eris Exchange will continue to monitor the national point spread average on a daily basis. To the extent the average changes on a given day after the initial listing of the Contracts, the Eris Exchange will list additional Contracts on the following trading day to ensure that there are a minimum of five Contracts in half point increments above and five Contracts in half point increments below the national point spread at all times. Eris Exchange notes that it will not delist existing Contracts, so depending upon the movement of the national average point spread, there may be more than eleven contracts listed for a given game.

iii. Over / Under Contracts

The Over/ Under Contracts settle based upon the total points scored by each team in a game, and whether the point total was over or under a predetermined point threshold (the "over/under value"). The buyer of a Contract (long position) would take the position that the total points scored by both teams in a game will exceed the over/under value, and the seller of a Contract (short position) would take the position that the total points scored by both teams in a game will be lesser than the over/under value. To use an example, assume the Eris Exchange listed the following Contract: NFL Week 1 New York Jets at Buffalo Bills O/U 35.0. Assume Member A (market maker) bought a Contract, and Member B (Licensed Sportsbook) sold a Contract at a price of \$50. Further assume that the final score of the NFL game was New York Jets 13 points and the Buffalo Bills 14 points, which equates to 27 total points. In this example, the 27 total points from the NFL game is less than the over/under value of 35. This means that the Contract settlement would result in Member B receiving \$1,000, its initial \$500 and the \$500 posted by Member A because the total points were under 35.0. If the final total points were equal to the over/under value of the contract, each member's collateral is returned to them.

For each game, Eris Exchange will initially list eleven Over/Under Contracts. The over/under value for each of the eleven contracts will represent the total points national average for each game at the time the Contract is listed, along with five Contracts in half point (0.5) increments above and five Contracts in half point (0.5) increments below the total points national average. The total points national average will be determined by an industry-recognized third-party sports data provider, currently GSG. After the Contracts are listed, the Eris Exchange will continue to monitor the total points national average on a daily basis. To the extent the average changes on a given day after the initial listing of the Contracts, the Eris Exchange will list additional Contracts on the following trading day to ensure that there are a minimum of five Contracts in half point increments above and five Contracts in half point increments below the total points national average at all times. Eris Exchange notes that it will not delist existing Contracts, so depending upon the movement of the total points national average, there may be more than eleven contracts listed for a given game.

D. Hedging Potential for the Contracts

As noted above, Licensed Sportsbooks face commercial exposure based upon imbalances in their books. These imbalances often arise when Licensed Sportsbooks, which are required to limit their business within a single State, receive wagers that favor a regional team. The Contracts will permit Licensed Sportsbooks to manage commercial risk by hedging their exposure without having to resort to turning away consumers or artificially skewing the odds, both of which will likely drive consumers to illegal off-shore operations. Eris Exchange also notes that these Contracts are tailored to address the unique risks of Licensed Sportsbooks. Although Eris Exchange could develop alternative contracts that settle based upon different outcomes than the Contracts described herein, those alternatives would create a disparity between the commercial risks faced by Licensed Sportsbooks and the hedge used to mitigate the commercial risk.

The Contracts will also provide Vendors and Stadium Owners with an opportunity to hedge the commercial risk associated with lower game attendance or fewer home games resulting from poor performance of the team that plays at the sports stadium or arena. For example, a NFL Stadium Owner would lose potential ticket revenue, amongst other sales opportunities, if the team was not eligible to host one or more playoff games, or if fewer individuals show up in-person to watch games, both of which depend (in whole or in part) a team's win-loss record. To hedge its exposure, a Stadium Owner could buy/sell a moneyline Contract the outcome of which determines whether a team will host a playoff game. Under these circumstances, the Contract would serve as a hedge against the lost potential revenue.

E. Sports Association Support for the Contracts

Eris Exchange's partner RSBIX has reached out to all three major US sports leagues (NFL, NBA, and MLB) regarding these contracts, and none has voiced any concern or opposition.

2. Core Principle Compliance

A. The Contracts do not Involve, Relate to, or Reference "Gaming" Pursuant to CEA Section 5c(c) or CFTC Rule 40.11

The Contracts are event contracts because the settlement is based upon the outcome of a sporting event. Eris Exchange has determined that the Contracts do not involve, relate to, or reference "gaming" as set

forth in CEA Section 5c(c)(5)(C)(i)(IV) and CFTC Rule 40.11. CEA Section provides that the CFTC may determine that event contracts are contrary to the public interest if the “agreements, contracts, or transactions involve – [...] (V) gaming.” Furthermore, CFTC Rule 40.11(a) prohibits a registered entity from listing for trading or accepting for clearing a futures contract that “involves, relates to, or references ... gaming.”

The Contracts described herein are in the public interest because they provide lawful businesses with the ability to hedge commercial exposure that arises from their business. In evaluating the public interest underlying a proposed contract, the Commission considers the “economic purpose” of a contract. In 2012, the Commission explained that “[t]he economic purpose test requires a board of trade to demonstrate that transactions for future delivery in a commodity are, or reasonably can be expected to be, quoted and disseminated for price basing, or utilized as a means of hedging against possible loss through fluctuations in price.”⁷ The Contracts set forth herein provide a means for Licensed Sportsbooks, Vendors and Stadium Owners to hedge risks that directly impact their lawful business. The activities of these businesses are permitted pursuant to state and federal law, and therefore, should be presumed to be in the public interest.⁸ As outlined above, these entities face commercial risks unique to their business that are dependent upon the outcome of games. In contrast to the 2012 Order where the Commission determined that the economic consequences of a political election were too unpredictable for a political event contract to serve a hedging purpose, the Contracts provide a reasonable mechanism for Licensed Sportsbooks, Vendors and Stadium Owners to hedge their lawful commercial risks associated with the outcome of games.

The Contracts do not involve, relate to, or reference “gaming” as set forth in CFTC Rule 40.11. When the Commission adopted CFTC Rule 40.11, it explained that the prohibition of contracts involving “gaming” requires further clarification.⁹ Rather than opine on the definition of gaming in the 40.11 Adopting Release, the Commission committed to evaluate the scope of gaming on a “case-by-case basis” in response to exchange submissions to self-certify or request voluntary approval for new products.¹⁰ The Commission also “note[d] that its prohibition of certain ‘gaming’ contracts is consistent with Congress’s intent to ‘prevent gambling through the futures markets’ [Footnote 34 citing Congressional Record—Senate, S5906 (July 15, 2010)] and to ‘protect the public interest from gaming and other events contracts.’ [Footnote 35 citing *Id.* Senator Lincoln, in a colloquy with Senator Feinstein, emphasized that the Commission ‘needs the power to, and should, prevent derivatives contracts that are contrary to the public interest because they exist predominantly to enable gambling through supposed event contracts.’] The Commission may, at some future time, adopt regulations that prohibit products that are based upon activities ‘similar to’ those enumerated in Section 745 of the Dodd-Frank Act. It has determined not to propose such regulations at this time.”¹¹

⁷ See *In the Matter of the Self-Certification by North American Derivatives Exchange, Inc.*, (Order Prohibiting the Listing or Trading of Political Event Contracts), Comm. Fut. L.P. 32148 (CCH), 2012 WL 12347216 (Apr. 2, 2012) (“2012 Order”).

⁸ See, e.g., *Sullivan v. Nassau Cty. Interim Fin. Auth.*, 959 F.3d 54, 66 (2d Cir. 2020) (noting the general presumption that “a passed law is valid and done in the public interest”); and *Nebbia v. People of New York*, 291 U.S. 502, 537, 54 S. Ct. 505, 516 (1934) (“[T]here can be no doubt that upon proper occasion and by appropriate measures *the state may regulate a business in any of its aspects* . . . , including the prices to be charged for the products or commodities it sells. So far as the requirement of due process is concerned . . . *a state is free to adopt whatever economic policy may reasonably be deemed to promote public welfare, and to enforce that policy by legislation* adapted to its purpose.”) (emphasis added).

⁹ See *Provisions Common to Registered Entities*, 76 Fed. Reg. 44776, 44785 (July 27, 2011) (“40.11 Adopting Release”).

¹⁰ *Id.*

¹¹ *Id.* at 44786.

Based upon the legislative history that the Commission cited in the 40.11 Adopting Release, the Contracts set forth herein do not constitute “gaming.” These contracts were not designed to, and do not allow, market participants to gamble through the futures markets.¹² To the contrary, these Contracts are designed to efficiently manage the risk of Licensed Sportsbooks, Vendors and Stadium Owners, that drive the business case for these sport event contracts. Importantly, the Contracts are not available to every person who may want to trade, but rather, are limited to commercial entities that are hedging their commercial exposure and designated market makers with obligations *vis-à-vis* the exchange to provide liquidity for commercial parties that need to hedge their exposure. The focus of the Contracts on commercial hedging as opposed to contracts that “would be used predominantly by speculators or participants not having a commercial or hedging interest” provides further support that the Contracts do not involve “gaming.”¹³

That the Licensed Sportsbooks accept bets and wagers from *their* customers does not change that analysis because the Contracts are not based on the customer bets as the underlying event. Rather, both the bets (legal state activity) and the Contracts (intended to balance a financial market) are based *independently* on the same underlying events – the athletic competition, sports team performance and the like – which are not themselves gaming activities. Or, put another way, the “gaming” prohibited by CFTC Rule 40.11, appropriately understood, refers to bets and wagers (*i.e.*, gambling), not to the sporting events (or “games”) themselves.

B. Core Principle 2 - Compliance with Rules

Impartial access to the Exchange, and thus trading of the Contracts by Participants, is governed by Chapter 3 and Rule 207 of the Exchange Rulebook (the “Rulebook”), which establishes the Exchange Participant Committee. Under Rule 207, the “Exchange Participant Committee shall not, and shall not permit the Exchange to, restrict access or impose burdens on access in a discriminatory manner, within each category or class of Participants or between similarly-situated categories or classes of Participants.” As set forth herein, the Participants eligible to trade the Contracts are limited to commercial market participants seeking to hedge their cash market exposure and designated market makers will be eligible to trade the Contracts. These Participant limitations are designed to ensure that the Contracts serve a hedging function.

The following Exchange rules also address Core Principle 2:

- Pursuant to Exchange Rule 314, any person initiating or executing a transaction in the Contract consents to the jurisdiction of the Exchange.
- Under Chapter 4 of the Rulebook, the Exchange has the ability and authority to obtain any information from market participants necessary to perform its obligations under Core Principle 2.
- Abusive trading practices in the Contract are prohibited by Chapter 5 of the Rulebook.

¹² *Congressional Record—Senate*, S5906 (July 15, 2010).

¹³ *Congressional Record – Senate*, S5869 (July 15, 2010) (colloquy between Senators Feinstein and Lincoln regarding event contracts and the intent behind the economic purpose test).

- Chapter 7 of the Rulebook sets forth the rules governing both the investigations and prosecutions of Rule violations.
- Pursuant to Rule 208, the Regulatory Oversight Committee (1) ensures that the Market Regulation Department has sufficient resources to perform its obligations, and (2) oversees the Exchange’s regulatory program.

C. Core Principle 3 – Contracts Not Readily Susceptible to Manipulation

The Contracts are fully collateralized, cash-settled, and based upon the objective results of a game that are widely known and available. Major US sporting events are not readily susceptible to manipulation. The Contracts are cash-settled based upon the objective determination of official, objectively verifiable sporting outcomes as reported by an independent data, currently GSG. The odds, lines and over/under information provided by a third-party data provider will be publicly available and verifiable.

The outcomes of the events used for cash settlement of the Contracts are not readily susceptible to manipulation because, among other reasons, Licensed Sportsbooks and state regulators have in place stringent monitoring and game integrity measures. Further, leagues have in place policies and procedures to protect the integrity of the games and the billions of dollars in revenue generated for the league and the teams.

As noted above, because the Contracts are fully collateralized at the time of execution, the daily closing or settlement price is relevant only for purposes of providing market participants with statements and there is no variation margin. Accordingly, any attempts to manipulate daily settlement prices will not provide a benefit to a market participant because the mark-to-market price movements will not result in any additional funds being available for trading or profit that can be withdrawn. Additionally, as with all contracts offered on Eris Exchange, trading in these contracts will be subject to the surveillance of the market regulation department.

D. Core Principle 4 – Prevention of Market Distortion

Chapter 5 of the Rulebook prohibits Participants from manipulating and distorting the price of the Contracts. Such Rulebook provisions are enforced by the Market Regulation Department. The Contracts are not settled based upon an underlying index, but rather a well-known, easily verifiable sporting event outside of the control of the Contract parties.

E. Core Principle 5 – Position Limits or Accountability

Pursuant to Rules 530, 531 and 532 the Exchange has the authority to establish position limits, accountability levels and reportable levels for Contracts listed on Eris Exchange. Consistent with CFTC Rule 15.03, the reportable level at which the Contracts will be set is 25 contracts. At this time, Eris Exchange is not adopting position limits or accountability levels for the Contracts based upon the following considerations: (1) there is no “deliverable supply” of the underlying commodity, and therefore, the contract is not susceptible to corners and squeezes; and (2) the exchange anticipates little to no speculative trading based upon the narrow scope of market participants eligible to trade the Contracts. Similar to other contracts, Eris Exchange has the authority to implement position limits or

accountability levels, as is necessary and appropriate, based upon its experience monitoring the trading activity in the Contracts.

F. Core Principle 6 – Emergency Authority

Pursuant to Rule 212, the Exchange may implement temporary emergency procedures and rules, subject to the applicable provisions of the CEA and CFTC regulations.

G. Core Principle 7 – Availability of General Information

The Exchange will publish on its website, www.erisx.com, and in its Rulebook, accurate information concerning the terms and conditions of the Contracts. The current Exchange rulebook may be found at www.erisx.com.

H. Core Principle 8 – Daily Publication of Trading Information

The Exchange will publish on its website daily trading volume, open interest, and price information pertaining to the Contracts.

I. Core Principle 9 – Execution of Transactions

The Contracts will be listed for trading on the Exchange, which provides for efficient, competitive, and open execution of transactions. All trades must be executed through the Exchange centralized market. As is customary in futures markets, we anticipate permitting block trades for trades above certain minimum quantities pursuant to and in conformance with Rulebook Chapter 6 (Privately Negotiated Transactions).¹⁴

The Contracts will be settled daily to the order book prices at the close or 10 minutes prior to the close. The Contracts are fully collateralized, so no variation margin is passed, and therefore the daily mark-to-market price does not result in a financial gain or loss for any individual counterparty, and counterparties are not able to enter new positions using their unrealized gain or loss. The proposed Contracts will be structured as a futures contract for each sports event outcome.

The Contracts are structured with a fixed payment (e.g., \$1.00) if the event occurs (e.g., Patriots win by more than 2.5 points) and zero otherwise. If the Contract is currently trading at 60 cents, this means that buying a position at 60 cents today could yield \$1.00 if an outcome occurs.

J. Core Principle 10 – Trade Information

Pursuant to Exchange Procedures, all information pertaining to trading of the Contracts will be retained in a manner that enables the Exchange to use the information to assist in the prevention of customer and market abuses and to provide evidence of any violations of the rules of the Exchange. This includes maintaining a full audit trail for reconstructing all transactions, permitting the detection, investigation, and prevention of customer and market abuse and providing evidence of violations of Exchange rules.

K. Core Principle 11 – Financial Integrity of Transactions

¹⁴ Block trades of the Contracts will only be permitted after all necessary regulatory filings and approvals.

The Contracts will be cleared by Eris Clearing (the “Clearinghouse”), which is registered as a derivatives clearing organization. Exchange Rules are in place to ensure the financial integrity of futures commission merchants as well as the protection of customer funds, to the extent that such entities and funds are associated with trading the Contracts.

L. Core Principle 12 – Protection of Markets and Market Participants

Chapter 5 of the Rulebook establishes rules to protect Participants who trade the Contracts from abusive practices by parties, including those operating as agents of the Participants, and promotes fair and equitable trading in the Contracts. The trade surveillance program, operated by the Exchange Market Regulation Department routinely monitors and surveils trading activity. It is anticipated that the program will remain the same or substantially similar for the new asset class.

M. Core Principle 13 – Disciplinary Procedures

Chapter 7 of the Rulebook sets forth the rules related to the investigation and prosecution of potential rule violations in the trading of the Contracts. Additionally, Chapter 7 sets forth potential sanctions for rule violations.

3. Conclusion

The Exchange certifies that the listing of the Contracts complies with the Act and the rules thereunder. The Exchange certifies that this submission has been concurrently posted on the Exchange’s website at <https://www.erisx.com/regulation/exchange-notices/> under “CFTC Submissions.” In the event that you have any questions, please contact me at (646) 961-4487 or laurian.cristea@erisx.com.

Sincerely,

/s/

Laurian Cristea
General Counsel
Attachments

(ErisX, Eris Exchange, and the ErisX and Eris Exchange logos are trademarks of the Eris Exchange group of companies. All other marks are the property of their respective owners.)

Exhibit A - American Professional Football Contract Specifications

RSBIX NFL Moneyline Futures Specification	
Description	A fully collateralized financially settled futures contract with final settlement determined by the outcome of an NFL game
Symbol	LAAHHGGYYCXXXX ¹⁵
Contract Size (1 contract)	Outcome of 1 Discrete NFL Game based on Moneyline
Upper and Lower Boundaries	Upper price boundary is 100.00 and lower price boundary is 0.00
Contract Multiplier	\$10 USD
Price Quotation	US Dollar and cents per Contract
Minimum Price Increment	\$0.25
Collateral Withheld	Buyer: No. of Contracts * Contract Multiplier * (Trade Price - Lower) Seller: No. of Contracts * Contract Multiplier * (Upper - Trade Price)
Listed Contracts	Every NFL Game for nearest week and every week in which the participants in the game are announced.
Settlement	Financially Settled
Settlement Rules	Final settlement will be determined based upon the Away Team's final score compared to the Home Team's final score. When the Away Team's final score is greater than the Home Team's final score the final settlement price is 100.00, and vice versa the final settlement price is 0.00. In the event the two scores are equal all reserve margin collateral is returned.
Trading Hours	Sunday 17:00 – Sunday 16:59 (CT)
Daily Closing Time	16:00 (CT) for purposes of providing indicative P&L
Last Trading Day/Time	15 minutes before the regularly scheduled start time of the relevant game
Block Trade Minimum	10 Contracts
Large Trader Reporting	25 Contracts

¹⁵ L -League
AA Away Team
HH Home Team
GG Game Number of Season between Teams
YY Year
C Contract type
XXXX Contract Strike Value

RSBIX NFL Over/Under Futures Specification	
Description	A fully collateralized financially settled futures contract with final settlement determined by the combined score of an NFL game
Symbol	LAAHHGGYYCXXXX
Contract Size (1 contract)	Outcome of 1 Discrete NFL Game based on Over/Under total points
Upper and Lower Boundaries	Upper price boundary is 100.00 and lower price boundary is 0.00
Contract Multiplier	\$10 USD
Price Quotation	US Dollar and cents per Contract
Minimum Price Increment	\$0.25
Collateral Withheld	Buyer: No. of Contracts * Contract Multiplier * (Trade Price - Lower) Seller: No. of Contracts * Contract Multiplier * (Upper - Trade Price)
Listed Contracts	Every NFL Game for nearest week and every week in which the participants in the game are announced, with multiple total points for each game
Settlement	Financially Settled
Settlement Rules	Final settlement will be determined based upon the combined final scores of the Away and Home Teams compared to the O/U value. When the combined final scores are greater than the O/U value the final settlement price is 100.00, and vice versa the final settlement price is 0.00. In the event the combined final scores are equal to the O/U value are equal all reserve margin collateral is returned.
Trading Hours	Sunday 17:00 – Sunday 16:59 (CT)
Daily Closing Time	16:00 (CT) for purposes of providing indicative P&L
Last Trading Day/Time	15 minutes before the regularly scheduled start time of the relevant game
Block Trade Minimum	10 Contracts
Large Trader Reporting	25 Contracts

RSBIX NFL Point Spread Futures Specification	
Description	A fully collateralized contract based upon a team to win after their score has been added with a number of points value.
Symbol	LAAHHGGYYCXXXX
Contract Size (1 contract)	Outcome of 1 Discrete NFL Game based on point spread
Upper and Lower Boundaries	Upper price boundary is 100.00 and lower price boundary is 0.00
Minimum unit of trading	1 contract
Contract Multiplier	\$10 USD
Price Quotation	US Dollar and cents per Contract
Minimum tick Increment	\$0.25
Collateral Withheld	Buyer: No. of Contracts * Contract Multiplier * (Trade Price - Lower) Seller: No. of Contracts * Contract Multiplier * (Upper - Trade Price)
Listed Contracts	Every NFL Game for nearest week and every week in which the participants in the game are announced. The Point Spread values will be listed in half-point increments (0.5). The range of contracts listed will include one (1) equal to the national line plus the next five (5) Point Spread values above and below. In the event the national line changes, additional Point Spread values may be listed in accordance with the above.
Long/Short Direction	A long position represents the expectation of the Away Team's final adjusted score to be greater than the Home Team's final score and vice versa for a short position.
Settlement	Financially Settled
Settlement Rules	Final settlement will be determined based upon the Away Team's final adjusted score, final score plus Point Spread value, compared to the Home Team's final score. When the Away Team's final adjusted score is greater than the Home Team's final score the final settlement price is 100.00, and vice versa the final settlement price is 0.00. In the event the two scores are equal all reserve margin collateral is returned.
Trading Hours	Sunday 17:00 - Sunday 16:59 (CT)
Daily Closing Time	16:00 (CT) for purposes of providing indicative P&L
Last Trading Date/Time	15 minutes before the regularly scheduled start time of the respective game
Block Trade Minimum	10 Contracts
Large Trader Reporting	25 Contracts

Exhibit B - Legal Memorandum

[Redacted - Confidential Treatment Requested]

Exhibit C - Economic Analysis

[Redacted - Confidential Treatment Requested]