



September 16, 2024

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-2024-11E

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 existing Futures Market Maker Incentive Program (“Program”). The Program, including marked changes, is set forth in a segregated confidential **Exhibit A** to this submission. The updates to the Program (the “Amendment”) will become effective upon the close of trading on September 30, 2024.

### **Program Description**

Under the current Program, the Exchange makes available a cash incentive pool to be allocated 1) on a fixed basis for each Program Participant that meets the Program’s minimum monthly performance metrics in the Exchange’s margined futures product offerings<sup>1</sup> (therefore becoming a Qualified Program Participant), and 2) a pro-rata basis for each Qualified Program Participant’s volume. The monthly performance metrics include specific two-sided quoting requirements for certain size, spread, and time in the market applied to the front month or expiring contact depending on time to expiration. The Program is designed to encourage CDE’s Trading Privilege Holders to make tight, liquid markets in futures products listed 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 listed on the Exchange.

### **Amendment Description**

The Amendment updates the mechanics of the fixed portion of the incentive pool available to Program Participants that meet the monthly market making performance metrics under the Program.<sup>2</sup> Specifically, the Amendment implements a cap of 50% of the available fixed portion of the incentive pool that may be allocated to any one Program Participant. The Amendment also makes a minor clarifying update to remove redundant language reflected in the Program.

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<sup>1</sup> CDE currently lists financially-settled margin futures on bitcoin (“FBT”) and on Ether (“FET”).

<sup>2</sup> The monthly market making performance metrics are provided in Appendix A to the Program.

The Exchange believes that the Amendment to provide a per Program Participant fixed portion allocation limit will continue to incentivize multiple Program Participants to meet the market making performance metrics on a monthly basis and thereby continue to facilitate tight, liquid markets in CDE's listed futures products. The Exchange understands that other designated contract markets ("DCMs") cap incentive pool allocations on a per-participant basis.

### **Core Principle Compliance**

CDE believes that the Programs are 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 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 is open to all Trading Privilege Holders to apply to participate as a Program Participant and offers the same pro-rata cash pool incentive structure for meeting the same monthly market making performance metrics, including as amended, for all 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 does 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 apply in relation to all activity in participation in the Program.
- 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 CDE 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; are 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 continue to provide meaningful incentives and market making metrics to eligible Program Participants to engage on CDE's futures markets and will continue to facilitate and accelerate the growth of such markets. The Exchange believes that the Program enhances 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. Accordingly, CDE believes that the impact of the Program is 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  
Assistant General Counsel  
[rtenuta@cboe.com](mailto:rtenuta@cboe.com)

**EXHIBIT A**

**[CONFIDENTIAL TREATMENT REQUESTED]**