



December 6, 2024

Christopher J. Kirkpatrick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

Re: Cboe Clear U.S., LLC Rule Certification  
Submission Number CCUS-2024-13C

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 Clear U.S., LLC (Clearinghouse”) hereby submits an incentive program (the “Program”) applicable to all members of the designated contract market (“DCM”), Cboe Digital Exchange, LLC (“CDE”), for which the Clearinghouse clears futures transactions that meet the requirements of a Default Auction Liquidity Provider (“DALP”), as described below. The Program is set forth in a segregated confidential **Exhibit A** to this submission. The Program will become effective on January 1, 2025.

A DALP is a member of a DCM for which the Clearinghouse clears (i.e., a Trading Privilege Holder on CDE)<sup>1</sup> that desires to participate in one or more default management auctions conducted by the 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 DALP is required to meet certain minimum participation thresholds in an Auction (“Minimum Participation Requirements”) and minimum quoting metrics on CDE during regular trading hours measured on a monthly basis (“Minimum Quoting Metrics”). To encourage CDE Trading Privilege Holders that clear through the Clearinghouse to become DALPs and fulfill these requirements, pursuant to the Program, the Clearinghouse<sup>2</sup> will select three DALPs eligible to receive a monthly monetary incentive in support of providing liquidity in futures contracts listed on CDE, and participant in any Auctions that may arise. The Clearinghouse notes that, currently, all Clearing Members on the Clearinghouse must also be CDE Trading Privilege Holders to clear transactions on CDE through the Clearinghouse.

The Program was previously administered by CDE and the Program is being transferred to the Clearinghouse to offer and administer. No substantive changes are being made to the Program, and the same Program terms will be offered by the Clearinghouse as were offered by CDE. The Clearinghouse will issue a notice to participants regarding the Program and notes that CDE will issue a separate exchange notice to participants regarding the Program.

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<sup>1</sup> All CDE TPHs are currently required to either clear through a Clearing Member of the Clearinghouse or be a Clearing Member of the Clearinghouse.

<sup>2</sup> If there are less than three CDE Trading Privilege Holder applicants eligible to participate in the Program, the Clearinghouse may select fewer DALPs.

The Program is designed to encourage members of the DCM for which the Clearinghouse currently clears transactions—that is, CDE—to become DALPs, thereby encouraging required participation in a default auction and creating a more robust Clearinghouse default management process, while also attracting additional interest and liquidity on the DCM, CDE.

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

### **Core Principle Compliance**

The Clearinghouse believes that the Program is consistent with the Derivatives Clearing Organization (“DCO”) Core Principles under Section 5 of the Act. In particular, the Clearinghouse believes that the Program is consistent with the following Core Principles:

**Core Principle C (Participant and Product Eligibility)**, because all CDE Trading Privilege Holders, of which all Clearing Members of the Clearinghouse are, are eligible to apply to participate in the Program. The Program does not give any DALP a specific execution or clearing advantage because it treats all participants eligible for the Program equally; and

**Core Principle G (Default Rules and Procedures)**, because the Program is designed to facilitate an efficient, fair, and safe default auction management process in the event a clearing member becomes insolvent or defaults on its obligations to the Clearinghouse.

The Program provides participants with a meaningful incentive to participate in Auctions on the Clearinghouse in the event of a clearing member default, and is beneficial to the futures markets by incentivizing the provision of liquidity in the futures products transacted on CDE and cleared through the Clearinghouse. Accordingly, the Clearinghouse 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 Clearinghouse’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 Clear U.S., 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/ Joseph McGlawn**

Joseph McGlawn

Head of Clearing

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(332) 241-5351

**Exhibit A**

**[CONFIDENTIAL TREATMENT REQUESTED]**