



May 19, 2025

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 for Policies and Procedures Updates
Submission Number CCUS-2025-05

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Regulation 40.6 of the regulations promulgated by the Commodity Futures Trading Commission (“CFTC” or “Commission”) under the Act, Cboe Clear U.S., LLC (“CCUS” or “Clearinghouse”) hereby submits updates to various CCUS Policies and Procedures in connection with the planned migration of products listed on Cboe Digital Exchange, LLC (“CDE”) to Cboe Futures Exchange, LLC (“CFE”) clearing through CCUS (“Amendment”).

The Amendment to the CCUS Policies and Procedures is set forth in segregated confidential Exhibits 1-17, and in Exhibit 18. The Amendment will become effective on June 8, 2025 (“Effective Date”).

Overview

CCUS plans to begin clearing certain products listed on CFE. CFE is a designated contract market (“DCM”) that is an affiliate of CCUS.

Specifically, cash-settled Bitcoin futures (“FBT”) and cash-settled Ether futures (“FET”) are currently listed for trading on CDE and are currently cleared through CCUS. As further described in CDE Rule Certification Submission Number CDE-2024-15E submitted to the Commission on December 19, 2024: FBT and FET futures are planned to be delisted from CDE after the close of trading on the June 6, 2025 trade date and to be transferred to CFE commencing on the June 9, 2025 trade date. All transactions in FBT and FET futures will continue to clear through CCUS following the transfer of FBT and FET futures from CDE to CFE.

The purpose of the Amendment is to amend the CCUS Policies and Procedures to facilitate the clearing of products through CCUS for entities beyond CDE, including but not limited to CFE upon the migration of FET and FBT futures to CFE. The Amendment is also intended to provide updates throughout various Policies and Procedures to clarify current structure and processes, streamline and enhance language, and provide additional clarity, as applicable.

The Amendment also establishes a Risk Management Framework (Exhibit 1) to replace and subsume the current CCUS Risk Management Procedures.

The Amendment updates the following CCUS Policies and Procedures:

- Settlement Procedures (Exhibit 2),
- Product Eligibility Policy (Exhibit 3),

- Member Participation Requirements Policy and Procedure (Exhibit 4),
- Treatment of Funds and Investment Policy (Exhibit 5),
- Acceptable Collateral Policy (Exhibit 6),
- Default Auction Procedures (Exhibit 7),
- Default Communication Plan (Exhibit 8),
- Default Financial Resources Requirements Calculator Policy (Exhibit 9),
- Default Financial Resources Policy (Exhibit 10),
- Default Management Committee Charter (Exhibit 11),
- Futures Price Sources and Pricing Model Policy (Exhibit 12),
- Futures Theoretical Pricing Model (Exhibit 13),
- Futures Margin Model and Stress Scenarios (Exhibit 14),
- Futures Margin Model and Stress Scenarios Governance Policy (Exhibit 15),
- Financial Resources and Reporting Policy (Exhibit 16),
- Credit Risk Management Policy (Exhibit 17), and
- Default Management Plan (Exhibit 18).

Uniform Updates Across All Policies and Procedures

As applicable, the Amendment will make the following changes in a similar fashion across all CCUS Policies and Procedures:

- Updating all references to Cboe Clear Digital, LLC (CCD) to reflect the name change to Cboe Clear U.S., LLC (CCUS);¹
- Removing all references to Cboe Digital Exchange, LLC (CDE) and references to the digital spot market;
- Where appropriate, drawing reference to “Participating Exchanges” which will be defined as an exchange or clearinghouse that has entered into a business relationship with the Clearinghouse for clearing, settlement, or any other business purpose, except as otherwise expressly provided in the CCUS Rules.² As part of the migration, CCUS intends to clear products for CFE and, in the future, may clear products for other platforms or exchanges;
- Providing updates and clarifications that do not introduce material, substantive changes but rather more precisely memorialize current stated processes, streamline and enhance language, and provide additional clarity, as applicable.

Below are summaries of all other updates and changes included in the Amendment for the respective CCUS Policies and Procedures.

Risk Management Framework (Exhibit 1)

CCUS is adopting a Risk Management Framework to replace and subsume the current CCUS Risk Management Procedures.³ The Framework functions as a cohesive document that sets forth CCUS

¹ On December 1, 2024, the Clearinghouse changed its legal name from Cboe Clear Digital, LLC to Cboe Clear U.S., LLC. Upon the legal name change, the Clearinghouse submitted the appropriate CFTC notice under CFTC Regulation 39.19(c)(4)(ix) and updated its public-facing documents, including its Rulebook, Default Management Plan, Operating Agreement and Risk Management Committee Chart, via the self-certification process.

²CCUS will also be updating its Rulebook in connection with the digital futures product migration to CFE and intends to submit the amendment to the CCUS Rules as part of a separate rule self-certification filing.

³ Following the effectiveness of the changes, the Risk Management Procedures will be deprecated, and the more detailed associated process will be incorporated into job-aid documentation.

obligations under CFTC Part 39 requirements. The Framework aggregates all relevant and applicable policies and procedures that relate to Risk Management of CCUS. In accordance with the requirements of CFTC Regulation 39.13(b), the Framework includes written policies, procedures, and controls that clearly identify and document the range of risks to which the CCUS is exposed, addresses the monitoring and management of the entirety of those risks, and provides a mechanism for internal audit. The Clearinghouse uses a combination of its own policies and procedures as well as CGM policies and procedures to manage the risks to which it is exposed. In accordance with CFTC Regulation 39.13(b) the CCUS Board of Directors has approved the Risk Management Framework.

Settlement Procedures (Exhibit 2)

The Amendment updates the Clearinghouse's Settlement Procedures, which govern the processing of settlement obligations of CCUS Clearing Members as well as the settlement banks it employs to facilitate the process, pursuant to CFTC Regulation §39.14. These changes include clarifications surrounding the Clearinghouse processes regarding settlement finality, daily and final settlements, and determining alternative settlement prices, particularly as they relate to and to ensure compliance with § 39.14, as well as removing provisions related to products not cleared by the Clearinghouse.

Product Eligibility Policy (Exhibit 3)

The Amendment updates the Clearinghouse's Product Eligibility Policy, which establishes the eligibility requirements for products to be submitted to CCUS for clearing pursuant to CFTC Regulation 39.12. These changes include:

- Clarifying the application of the policy to both new products and existing products;
- Clarifying the time frame for clearing and confirmation in accordance with CFTC Regulation 39.12(b); and
- Establishing additional procedures in connection with clearing swaps in compliance with the requirements of CFTC Regulation 39.12(b), should the Clearinghouse clear swaps in the future.

Member Participation Requirements Policy and Procedure (Exhibit 4)

The Amendment updates the Clearinghouse's Member Participation Requirements Policy and Procedure, which sets forth the admission and continuing participation requirements for Clearing Members of CCUS. The updates and clarifications included in the Amendment do not introduce material, substantive changes but rather more precisely memorialize current state processes, including:

- Documentation requirements for FCM Clearing Member Applicants;
- Membership processes including: applicant screening, review of disclosure documents, financial and operations risk reviews, written risk management policy and procedure reviews, margin and risk profile setup, and Membership Applicant Risk Committee reviews;
- Ongoing participation requirements for Clearing Members, including with respect to annual clearing member questionnaires and additional periodic financial reporting requirements; and
- Ongoing participation eligibility monitoring.

Treatment of Funds and Investments Policy (Exhibit 5)

The Amendment updates the Clearinghouse's Treatment of Funds and Investments Policy, which sets forth procedures for the segregation, protection, and investment of Clearing Member and customer of

Clearing Member funds and assets. These changes include clarifying and streamlining updates to the Clearinghouse's processes in connection daily account reports and review and determination process in connection with permitted investments. The Amendment also makes updates in connection with CFTC Final Rule Regarding Safeguarding and Investment of Customer Funds published in December 2024,⁴ by revising the list of permitted investments in this policy to align with permitted investments in final rulemaking to the extent that CCUS would determine to invest in such permitted investments.

Acceptable Collateral Policy (Exhibit 6)

The Amendment updates the Clearinghouse's Acceptable Collateral Policy, which sets forth requirements for collateral that CCUS accepts from its Clearing Members as eligible deposits to meet collateral requirements for eligible products, and Clearing Member obligations including Guaranty Fund Deposits. The Amendment provides additional clarity regarding the currently acceptable collateral for both fully funded derivatives products and margin eligible derivatives products.

Default Auction Procedures (Exhibit 7)

The Amendment updates the Clearinghouse's Default Auction Procedures, which sets forth procedures that CCUS will follow in the event a Clearing Member is in default. The Amendment updates and clarifies language regarding types of auction participants and minimum participation requirements. It provides additional details regarding the bidding and selection process as well as post-bid processing and awards.

Default Communication Plan (Exhibit 8)

The Amendment updates the Clearinghouse's Default Communication Plan, which sets forth requirements regarding internal and external communication and escalation procedures in the event CCUS becomes aware of a potential or actual Default of a Clearing Member. The Amendment updates the members of the Default Notice Group to be consistent with the current CCUS management structure and clarifies the associated process for declaring a Clearing Member in Default. The Amendment also updates aspects regarding coordination, communication, and oversight among the Chief Risk Officer, the Default Management Committee, the Risk Management Committee, and the Board following the determination of a Default by a Clearing Member, particularly to ensure consistency with CCUS rules and CCUS governance processes.

Default Financial Resources Requirements Calculator Policy (Exhibit 9)

The Amendment updates the Clearinghouse's Default Financial Resources Requirements Calculator Policy, which serves to size the Clearinghouse's Default Financial Resource Requirement (currently set at maintaining pre-funded financial resources sufficient to meet its Daily Cover 2 Requirement). These changes clarify calculator governance.

Default Financial Resources Policy (Exhibit 10)

The Amendment updates the Clearinghouse's Default Financial Resources Policy, which sets forth procedures relevant to its obligations to maintain adequate financial resources, consistent with CFTC Regulation 39.11. The updates clarify current processes, streamline and enhance language, and provide additional clarity in the policy.

Default Management Committee Charter (Exhibit 11)

⁴ See Release Number 9024-24 available at: <https://www.cftc.gov/PressRoom/PressReleases/9024-24>.

The Amendment updates the Clearinghouse's Default Management Committee Charter, which has been established by CCUS Risk Management Committee ("RiskCo") to assist in the management of risks to the Clearinghouse and its non-defaulting Clearing Members in the event of default or potential default by a Clearing Member. These changes include non-substantive updates that provide additional clarity around the structure and responsibilities of the DMC Charter.

Futures Price Sources and Pricing Model Policy (Exhibit 12)

The Amendment updates the Clearinghouse's Futures Price Sources and Pricing Model Policy, which sets forth requirements for CCUS regarding the measurement and management of credit risk. These changes incorporate clarifications with respect to validation processes and protocol regarding associated alerts, and more robustly memorialize protocol surrounding both ad-hoc and periodic reviews.

Futures Theoretical Pricing Model (Exhibit 13)

The Amendment clarifies certain definitions of inputs used in the Futures Theoretical Pricing Model, which sets forth the manner in which a theoretical price for futures contracts listed by the Clearinghouse will be calculated.

Futures Margin Model and Stress Scenarios (Exhibit 14)

The Amendment updates the Futures Margin Model and Stress Scenarios, which describes the Clearinghouse's Futures Theoretical Price Model that provides how a theoretical price for futures contracts listed by the Clearinghouse will be calculated.

The Amendment, in addition to providing updates that add clarity, updates the Futures Margin Model and Stress Scenarios to allow for Inter-Commodity Offsets. The updates to the margin model allow for reductions in margin requirements for spreads portfolios with positions in different highly correlated products.

Futures Margin Model and Stress Scenarios Governance Policy (Exhibit 15)

The Amendment updates the Clearinghouse's Futures Margin Model and Stress Scenario Governance Policy, which sets forth the procedures to set, monitor, and review the initial and maintenance margin requirement for members of the Clearinghouse for each product and portfolio. The Amendment provides additional clarity and specificity regarding the protocols in connection with documented processes, including for mid-day and end-of-day initial margin requirement calculations, daily tail risk measure calculation and publication in the Clearinghouse SPAN file, daily margin adequacy review, and daily portfolio backtest.

Financial Resources and Reporting Policy (Exhibit 16)

The Amendment updates the Clearinghouse's Financial Resources and Reporting Policy, which guides the CCUS Finance Department in its functions in compliance with CFTC requirements set forth in CFTC Regulations 39.11. These changes include providing additional clarity and specificity regarding expense categories and related definitions.

Credit Risk Management Policy (Exhibit 17)

The Amendment updates the Clearinghouse's Credit Risk Management Policy, which sets forth the policies for CCUS related to the onboarding of Clearing Members applying to clear margined futures contracts as well as measuring, monitoring, and managing credit and counterparty risk exposure presented by FCM Clearing Members on an on-going basis. These changes include updates and clarifications

regarding the application of the policy to FCM Clearing Members and pre-trade risk controls, whereby all Participating Exchanges for which CCUS provides clearing services will be required to implement pre-trade risk controls in accordance with CFTC Regulation 38.607. Additionally, a daily report of the limits set for each type of pre-trade risk controls for each exchange member by their FCM Clearing Member(s) will be obtained from the participating exchanges and review by CCUS for reasonableness.

Default Management Plan (Exhibit 18)

The Amendment updates the Clearinghouse's Default Management Plan, which sets forth the procedures followed in the event of a default, in accordance with CFTC Regulation 39.16. These changes consist of restructuring various sections and provisions and providing additional specificity and clarity throughout the plan.

Core Principle Compliance

CCUS believes that the Amendment is consistent with the DCO Core Principles under Section 5 of the Act. In particular, CCUS believes that the Amendment is consistent with:

- DCO Core Principle B (Financial Resources) in that:
 - The Acceptable Collateral Policy, as amended, will continue to assist the Clearinghouse in ensuring that assets in its guaranty fund have minimal credit, market, and liquidity risks;
 - The Default Financial Resources Requirements Calculator Policy, as amended, will continue to allow the Clearinghouse to make a reasonable calculation of the financial resources needed to meet its financial obligations to its Clearing Members consistent with its obligations under CFTC Regulation 39.11(a).
 - The Default Financial Resources Policy, as amended, will continue to provide detailed procedures that require CCUS to hold adequate financial resources, comprised of permissible types of resources, to cover its exposures, particularly enabling CCUS to meet its Cover 2 obligations in extreme but plausible market conditions;
 - The Financial Resources and Reporting Policy, as amended, will continue to ensure that the Clearinghouse has adequate financial, operational, and managerial resources to discharge its responsibilities as a DCO, to ensure sufficient financial resources are maintained to cover its exposures with a high degree of confidence, and to enable the Clearinghouse to perform its functions in compliance with the Act.
- DCO Core Principle C (Participant and Product Eligibility) in that:
 - The Product Eligibility Policy, as amended, will continue to assist CCUS in ensuring that products submitted to CCUS for clearing meet product eligibility requirements and documents the Clearinghouse's practices around evaluating product eligibility for the clearing process; and
 - The Member Participation Requirements Policy and Procedures, as amended, will continue to ensure appropriate admission and continuing eligibility standards for its members and to establish requirements that are objective, publicly disclosed, and permit fair and open access.

- Core Principle D (Risk Management) because:
 - The Acceptable Collateral Policy, as amended, will continue to ensure compliance with the requirement that the Clearinghouse limit the assets it accepts as initial margin to those that have minimal credit, market, and liquidity risks;
 - The Futures Price Sources and Pricing Model Policy, as amended, will continue to ensure the Clearinghouse possesses the timely and reliable price data necessary to effectively monitor its risk and accurately measure its credit exposure;
 - The Futures Theoretical Pricing Model, as amended, will continue to provide for a sound valuation model, generally assuring that CCUS has the appropriate tools and procedures to address circumstances when pricing data is not readily available or reliable;
 - The Margin Model and Stress Scenarios document, as amended, is enhanced in a manner that continues to assist CCUS in managing the risks associated with discharging its responsibilities through the use of appropriate, tailored tools and procedures, including measurement of exposure, limitation of exposure to potential losses from defaults, margin requirements, and requirements regarding models and parameters;
 - The Amendment is consistent with DCO Core Principle D (Risk Management) as the CCUS Margin Model and Stress Scenarios document is enhanced in a manner that continues to assist CCUS in managing the risks associated with discharging its responsibilities through the use of appropriate, tailored tools and procedures, including measurement of exposure, limitation of exposure to potential losses from defaults, margin requirements, and requirements regarding models and parameters;
 - The Credit Risk Management Policy, as amended, will continue to assist the Clearinghouse in ongoing measurement of credit exposure to its Clearing Members; and
 - The Risk Management Framework, which has been approved by the CCUS Board of Directors, clearly identifies and documents the range of risks to which the Clearinghouse is exposed, addresses the monitoring and management of the entirety of those risks, and provides a mechanism for internal audit.
- DCO Core Principle E (Settlement Procedures) in that the Settlement Procedures Policy, as amended, will continue to assist CCUS in ensuring that its daily settlement process results in complete settlements on a timely basis.
- DCO Core Principle F (Treatment of Funds), because the Treatment of Funds and Investment Policy, as amended, will continue to govern the protection of members' and customers' funds and assets, and the manner in which all funds and assets are classified, segregated, and held, and invested in accordance with CFTC Regulation 39.15.
- Core Principle G (Default Rules and Procedures) because:

- The Default Auction Procedures, as amended, will continue to provide detailed processes surrounding the administration and management of a default auction in a manner that is timely to contain losses and liquidity pressures;
 - The Default Management Committee Charter, as amended, provides additional clarity to the mandate, purpose, and function of the Default Management Committee, which itself has key responsibilities in the administration and oversight of a Default; and
 - The Default Management Plan, as amended, will continue to inform the roles and responsibilities of the Clearinghouse in addressing a default and assist the Clearinghouse in facilitating the efficient, fair, and safe management in the case of a default.
- DCO Core Principle L (Public Information) in that the uniform updates across all policies and procedures, as described above, provide clarity and consistency with regards to all references and changes associated with the CDE migration and the Clearinghouse name change to CCUS.

Public Information

A notice and copy of this submission has been concurrently posted on CCUS's website at <https://www.cboedigital.com/regulation/exchange-notices/> under "CFTC Submissions."

Opposing Views

There were no opposing views expressed regarding these amended rules.

Certification

CCUS hereby certifies to the Commission, pursuant to the procedures set forth in Commission regulation § 40.6, that this submission complies with the Act, as amended, and the regulations promulgated thereunder.

Please contact Rebecca Tenuta at 312-786-7068 if you have any questions or wish to discuss this matter further.

Sincerely,

/s/ **Joseph McGlawn**

Joseph McGlawn
Head of Clearing, Cboe Clear US
jmcglawn@cboe.com

Exhibit 1
[Confidential Treatment Requested]

Exhibit 2
[Confidential Treatment Requested]

Exhibit 3
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Exhibit 17
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Exhibit 18

Additions underlined; deletions in stricken text



1. CBOE CLEAR ~~DIGITAL~~U.S., LLC DEFAULT MANAGEMENT PLAN

1.1. Purpose

In the event a Clearing Member of Cboe Clear ~~Digital~~US, LLC ("~~Cboe Clear Digital~~" or the "Clearinghouse") is in Default, the Clearinghouse will invoke this Default Management Plan ("DMP") and follow the default procedures below to handle such an event. In accordance with Commodity Futures Trading Commission ("CFTC" or "Commission") §39.16, this DMP delineates the roles and responsibilities of the Clearinghouse's management team, Board of Directors ("Board"), Risk Management Committee ("RiskCo"), and Default Management Committee ("DMC").

The purpose of this DMP and the default procedures included within is to ensure that ~~Cboe Clear Digital~~the Clearinghouse takes timely action to contain losses, and liquidity pressures, and continue meeting its obligations in the event of a Default on the obligations of one or more of its Clearing Members.

All capitalized terms not defined in this document shall have the meaning set forth in the Cboe Clear Digital Rulebook ("Rulebook").

Cboe Clear Digital shall make its Default rules publicly available.

1.2. Scope

This ~~document applies to DMP~~ governs Clearinghouse and its Clearing Member compliance with the requirements set forth under CFTC Regulation §39.16 and ~~certain risk management provisions under~~ CFTC §39.13(f) and would not apply to Clearing Member portfolios that hold only fully collateralized positions. Margin is extended by Cboe Clear Digital only to its FCM Clearing Members. Therefore, this DMP only applies to FCMs.

1.3. ProceduresDetails

1.3.1. Guaranty Fund

Each FCM Clearing Member shall be required to contribute to the Guaranty Fund in accordance with Clearinghouse Rules 504 through 507. the procedures as described in T~~he Cboe Clear Digital Clearinghouse Default Financial Resource Policy outlines the policies to which the Clearinghouse adheres to ensure that to meet its financial obligations to its Clearing Members notwithstanding a default by the Clearing Member creating the largest financial exposure for the Clearinghouse in extreme but plausible market conditions.~~

1.3.2. Default Management Committee

As part of the DMP, the ~~Risk Management Committee ("RiskCo") of the Board delegates to the Default Management Committee ("DMC"), a subcommittee of the RiskCo, oversees the management of risks to the Clearinghouse and its (non-defaulting) Clearing Members in the event of Default or potential Default by a Clearing Member~~the authority to act as an internal committee which shall advise and assist in DMP-related matters. DMC members shall be specific Officers of Cboe Clear Digital and pre-selected representatives of Clearing Members

~~approved by the RiskCo. Preference in DMC member selection shall be given to representatives that are current or former traders and/or risk managers at the respective Clearing Member firms, on the basis of their professional experience and expertise.~~

The DMC ~~also meets at least annually for~~ may be convened in the event of a potential Default and will be convened in the event of an actual Default or in the case of DMP testing drills. ~~Further details regarding DMC membership and roles and responsibilities can be found in Tthe Cboe Clear Digital Default Management Committee Charter~~ governs the roles and responsibilities of the DMC.

1.3.3. Testing

Testing of the DMP ~~will be is~~ performed at least once per calendar year. Information about ~~a DMP testing drill~~ and required operational preparation ~~will be is~~ communicated to ~~the~~ Clearing Members as part of the onboarding process and their ongoing membership participation. ~~in accordance with tThe~~ Clearinghouse Default Communication Plan governs internal and external Clearinghouse communications in the event of a Default.

1.3.4. Clearing Member Default

Pursuant to Clearinghouse Rule 502, if a Clearing Member (a) fails to satisfy any of its Obligations, (b) fails to deliver funds within the time established by Cboe Clear Digitalthe Clearinghouse, (c) is expelled or suspended from the Clearinghouse, Cboe Digital a Participating Exchange, Cboe Clear Digital, or any sSelf-rRegulatory oOrganization, (d) fails to meet the minimum capital and other financial requirements of Cboe Clear Digitalthe Clearinghouse, or (e) is Insolvent,; the Clearinghouse may declare such Clearing Member to be in Default. Aa minimum of ~~two-three~~ out of the ~~fiveour~~ following individuals are required to declare a Clearing Member in Default: the Head of Clearing, President, Chief Risk Officer ("CRO"), Chief Financial Officer ("CFO") or Chief Compliance Officer ("CCO").

Pursuant to Clearinghouse Rule 306 of the Cboe Clear Digital Rulebook requires that a Clearing Member must immediately notify ~~the ClearinghouseCboe Clear Digital orally and in writing to~~ digital.rulebooknotifications@cboe.com:

- of any Default of the Clearing Member or any failure or inability of the Clearing Member to meet its Obligations;
- if it becomes the subject of a bankruptcy petition, receivership proceeding, or the equivalent; and
- about any other event(s), transpired or imminent, that may or will lead to Default.

Each Default by a Clearing Member will be considered a separate Default, provided that if a Clearing Member has been declared in Default, subsequent failures to meet an obligation of the Clearinghouse by such Defaulting Clearing Member shall not be considered separate Default events unless the original default has been fully resolved and such Clearing Member has been restored to good standing.

Upon the Clearinghouse declaring a Clearing Member to be in Default, ~~it will seek to perform~~ the Clearinghouse will take the following below-described actions, as applicable, as soon as reasonably practicable to communicate to the designated persons, contain losses and liquidity pressures:

By action of the Board, with input from the RiskCo, suspend the Clearing membership in accordance

~~with the process described in Rule 601 of the Cboe Clear Digital Rulebook;~~

~~The Clearinghouse will m~~Make an immediate notice to the CFTC via communications means as determined by the CFTC, as prescribed by CFTC §39.19(c)(4)(viii). Such notice shall be prepared by Legal and Compliance and include the following information:

- The name of the Clearing Member;
- The products the Clearing Member defaulted upon;
- The number of positions for futures and options, and for swaps, the number of outstanding trades and notional amount, the clearing member defaulted upon; and
- The amount of the financial obligation.

~~Cboe Clear Digital-The Clearinghouse~~ will notify all Clearing Members of the Default via public notification on its website. Such notice shall state, to the extent practicable in general terms, how pending transactions, open positions and other pending matters will be affected and what steps are to be taken in connection therewith.

- a) ~~Cboe Clear Digital shall have no obligation to accept any transaction of a suspended Clearing Member that was affected after the time at which the Clearing Member was suspended ("Pending Transactions"). In the event a Pending Transaction of a suspended Clearing Member is rejected by the Clearinghouse, Cboe Clear Digital shall provide notice of such rejection to the other party thereto and such transaction shall be closed by the other party thereto as determined by the Exchange.~~

In a timely manner, ~~the CRO will~~ notify and convene the DMC and, based on the facts and circumstances of the Default, make a recommendation to the DMC ~~for its approval as to regarding~~ the nature and timing of transactions to cause open positions in Contracts in any of the accounts of a ~~suspended-Defaulting~~ Clearing Member:

- To be closed in such manner as deemed practicable by ~~Cboe Clear Digital~~the Clearinghouse, in its sole discretion, including auctioning the Contracts as described in ~~this Plan~~DMP the Cboe Clear US Default Auction Procedures.
- To be transferred to the account of one or more other willing non-defaulting Clearing Members.
- To be offset within the ~~suspended-Defaulting~~ Clearing Member's account(s) and, to the extent of any remaining imbalance, offset against the Contracts of other Clearing Members; or
- To be settled at the final Settlement Price for such Contracts, or at such other price or prices as ~~Cboe Clear Digital~~the Clearinghouse may deem fair and reasonable under the circumstances.

~~Any such plan so recommended must be approved by the DMC prior to implementation.~~

The Clearinghouse may take any of the actions set forth in Clearinghouse Rule 606 against the Defaulting Clearing Member.

The Clearinghouse may suspend the Defaulting Clearing Member's membership in accordance with the process described in Clearinghouse Rule 601.

~~Cboe Clear Digital-The Clearinghouse~~ may take other actions in relation to the Defaulting Clearing Member. Such actions may ~~include, but include but~~ are not limited ~~to:to~~ pursuit of legal action ~~and,~~ requests to restore Guaranty Fund contributions.

In connection with any action undertaken by ~~Cboe Clear Digital~~the Clearinghouse pursuant to subparagraphs (i) through (iv) above, the Clearinghouse shall have the right to apply the Margin of the Defaulted Clearing Member and any other assets of such Clearing Member held by, pledged to or otherwise available to ~~Cboe Clear Digital~~the Clearinghouse, including contributions to the Guaranty Fund and any guarantee issued pursuant to the ~~Cboe Clear Digital~~Clearinghouse Rulesbook, to discharge the Obligations of such Clearing Member to ~~Cboe Clear Digital~~the Clearinghouse (including any costs and expenses associated with the liquidation, transfer, or management of Contracts held in or for the accounts of such Clearing Member, and any fees, assessments or fines imposed by

~~Cboe Clear Digital~~ the Clearinghouse on such Clearing Member).

~~If the DMC shall determine,~~ taking into account the size and nature of a Defaulting Clearing Member's positions, market conditions prevailing at the time, the potential market effects of liquidating transactions that might be directed by ~~Cboe Clear Digital~~ the Clearinghouse, and such other relevant circumstances ~~as Cboe Clear Digital deems relevant,~~ the DMC may determine that the closing out of some or all of the Defaulting Clearing Member's positions would not be in the best interests of ~~Cboe Clear Digital~~ the Clearinghouse, other Clearing Members, or the general public, such positions need not be closed out.

If the Margin held with respect to ~~such the Defaulting~~ Clearing Member's Member Property Accounts, and other assets of such Clearing Member held by, pledged to or otherwise available to ~~Cboe Clear Digital~~ the Clearinghouse, including any guarantee issued pursuant to the ~~Cboe Clear Digital~~ the Clearinghouse Rulebook, are insufficient to satisfy the ~~Defaulting~~ Clearing Member's Obligations to ~~Cboe Clear Digital~~ the Clearinghouse after giving effect to the application of such amounts pursuant to Clearinghouse Rule 502(d) paragraph (a) below, such defaulting Clearing Member shall continue to be liable therefor.

In closing, offsetting, transferring or otherwise resolving the Contracts of a Clearing Member as provided in Clearinghouse Rules 502 and 601 ~~of the Rulebook~~ ~~Cboe Clear Digital~~ the Clearinghouse shall have the rights set forth in Clearinghouse Rule 502.

- ~~(i) With respect to Contracts in a Customer Account of such FCM Clearing Member, to set off (x) any proceeds received by the Clearinghouse from the disposition of such Contracts and any property or proceeds thereof deposited with or held by Cboe Clear Digital as Margin for such account against (y) any amounts paid by Cboe Clear Digital in the disposition of such Contracts, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such Customer Account and any other amounts owed to Cboe Clear Digital as a result of transactions in the Customer Account or otherwise lawfully chargeable against such Customer Account;~~
- ~~(ii) With respect to the Contracts in any Member Property Accounts of such Clearing Member, to set off (x) any proceeds received by Cboe Clear Digital from the disposition of such Contracts, any property or proceeds thereof deposited with or held by Cboe Clear Digital as Margin for such Member Property Accounts and any other property of the Clearing Member within the possession or control of Cboe Clear Digital other than property that has been identified by such Clearing Member as required to be segregated pursuant to the CEA and CFTC Regulations, against (y) any amounts paid by Cboe Clear Digital in the disposition of such Contracts, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such Member Property Accounts, and any other Obligations of the Clearing Member to Cboe Clear Digital, including Obligations of the Clearing Member to Cboe Clear Digital remaining after the setoffs referred to in paragraph (i) above, and any Obligations arising from any other Member Property Accounts maintained by the Clearing Member with Cboe Clear Digital; and~~
- ~~(iii) To defer closing or otherwise settling such trades and Contracts to the extent that the closing out of some or all of the suspended Clearing Member's trades or Contracts would not be in the best interests of Cboe Clear Digital or non-Defaulting Clearing Members, taking into account the size and nature of the positions in question, market conditions prevailing at the time, the potential market effects of such liquidating transactions as might be directed by Cboe Clear Digital, and such other circumstances as it deems relevant; or~~
- ~~(iv) A Clearing Member shall take no action, including but not limited to attempting to obtain a court order, that which would interfere with the ability of Cboe Clear Digital to exercise its rights under the Rules and its agreements with such Clearing Member~~

~~Cboe Clear Digital~~ The Clearinghouse will not apply any funds and assets held in segregated Customer Accounts to any obligations arising from a Default in a Clearing Member's house-House account Account. In the event a

Default occurs in the segregated Customer Account of a Clearing Member, any obligations shall be satisfied by application of any and all funds and assets held in said Clearing Member's Customer Account, in a manner consistent with CFTC Regulation 1.20. In the event the relevant FCM's customer funds and assets are insufficient, the customer obligations shortfall will be first covered from FCM Clearing Member's excess ~~house~~House funds.

~~Virtual Currencies will be liquidated to USD.~~

The Clearinghouse may make immediate demand upon any guarantor of the Clearing Member. Upon demand, the guarantor shall pay the Clearinghouse by the time and date set by ~~Cboe Clear Digital~~the Clearinghouse.

1.3.5. Method of Position Close Out

A detailed recommendation ~~for implementation~~ of the process ~~of to~~ finalizing a resolution with respect to a Default, including taking into consideration the effects of the liquidation, auction, tear- up, or sale of positions or assets of the Defaulting Clearing Member, shall be produced by the Head of Clearing or CRO and provided to the DMC for approval. The liquidation of open contracts of the Defaulting Clearing Member as determined by the DMC may occur by one or more of the following methods:

- book entry that offsets concurrent long and short open contracts on the books of the Defaulting Clearing Member;
- executing block trades with one or more Exchange Participants;
- hedging positions, where offsets are impractical due to the market illiquidity or volatility
- liquidation in the open market; and/or
- one or more private auctions amongst qualified market participants invited by the Clearinghouse to submit confidential bids.

When determining the appropriateness of the recommended method of portfolio liquidation, the DMC will take into consideration the Defaulting Clearing Member's position size, liquidity of the products and whether some are deemed less liquid than others, open interest, market conditions and other relevant factors. For products deemed to be highly liquid, notwithstanding the considerations as described above, the ~~Clearinghouse~~DMC may ~~give preference~~determine to first attempting open market liquidation first. For products deemed less liquid, the DMC may determine to perform one, or some combination of entering into hedge positions, and/or pursuing liquidation through the other methods such as block trade and/or auctions.

1.3.6. Application of Funds

~~Should, after~~ If positions are closed-out and, ~~Cboe Clear Digital~~the Clearinghouse bears a Default Loss, such Default Loss will be met by applying the following funds, as appropriate, in the order of priority listed below, with each source of funds to be completely exhausted, to the extent practicable, before applying the following source. ~~Cboe Clear Digital~~The Clearinghouse will not apply any funds held in a Customer Account to a Loss in a Clearing Member's ~~house~~House accountAccount.

1. Margins of the Defaulting Clearing Member on deposit with ~~Cboe Clear Digital~~the Clearinghouse, payments made by a guarantor of the Defaulting Clearing Member, and any other assets of the Defaulting Clearing Member.
2. Excess funds of the Defaulting Clearing Member, including funds and assets in excess of requirements to collateralize fully collateralized positions, such as, but not limited to, any partial payment amounts, settlement funds, or variation gains.
3. Guaranty Fund Deposits of the Defaulting Clearing Member, as such deposits are required by the Rules

of the Clearinghouse.

4. Such assets contributed by ~~Cboe Clear Digital~~the Clearinghouse for the purpose of Default.
5. Such assets committed by Cboe Global Markets that have not yet been contributed to the Clearinghouse for the purpose of Default.
6. Guaranty Fund Deposits of non-defaulting Clearing Members shall be applied toward meeting a loss in direct proportion to the total Guaranty Fund deposit requirement of each Clearing Member as described in the Assessment section of this Plan, if such deposits are required by the Rules of the Clearinghouse.
7. Surplus funds of the Clearinghouse as may be in excess of funds necessary for normal business operations. No such surplus shall be assumed until approved by the Board.

The Clearinghouse may borrow funds or draw funds as necessary against any line of credit at any time to cover any Default Losses or obligations of the Clearinghouse. Any borrowing of funds shall not relieve any Clearing Member from their obligations under ~~this the DMP and or any~~ other Clearinghouse Rules or from the application of their Guaranty Fund Deposits.

The Clearinghouse may obtain and maintain any default insurance. To the extent the Clearinghouse deems it appropriate, it will utilize this financial resource in its sole discretion. Such insurance shall be for the sole benefit of the Clearinghouse and proceeds, and the right to any proceeds, shall be paid to and belong solely to the Clearinghouse.

Non-Default Losses may also be allocated to Clearing Member Guaranty Fund Deposits if approved by the Default Management Committee.

1.3.7. Guaranty Fund Contributions To Be Restored

In the event the Clearinghouse must apply all or part of a non-Defaulted FCM Clearing Member's Guaranty Fund deposits or margins to meet obligations ~~imposed by Cboe Clear Digital~~the Clearinghouse, the Clearing Member shall make good any such deficiency in Guaranty Fund Deposits ~~or margins~~, by wire or other acceptable method, prior to the close of business on the next banking day. Notably, the deficiency in Guaranty Fund Deposits may reflect a re-sizing of the Default Financial Resource Requirement and re-allocation of Guaranty Fund Deposit requirements among the non-Defaulted FCM Clearing Members. If a non-Defaulted FCM Clearing Member pays such assessment by wire and the wire transfer service is not open or operational at the time notice is sent, payment is due within one (1) hour on the next business day that the wire transfer service is open and operational.

If Non-Default Losses are allocated to Clearing Member Guaranty Fund Deposits, then Clearing Members would be required to fund the resultant Guaranty Fund Requirement deficits within the same timeline described above.

1.3.8. Assessments

Default Losses will first be satisfied by applying the funds in the order of priority listed in Application of Funds. The balance of any losses remaining after the application of such funds will be assessed against all Clearing Members excluding any Insolvent Clearing Members.

Each applicable Clearing Member will be subject to an Aassessment in direct proportion to the Clearing Members' total Guaranty Fund deposit requirement up to an amount that does not exceed (i) a total of three times such Clearing Member's total guaranty fund deposit requirement at the time of the default with respect to losses that are attributed to the default of a single Clearing Member, and (ii) a total of six times such Clearing Member's total guaranty fund deposit requirement at the time of the default with respect to losses that are attributed to the default of multiple Clearing Members during a Cooling Off Period as defined below.

Each Clearing Member shall pay any assessment required by wire or other method acceptable to ~~Cboe Clear Digital~~the Clearinghouse by the end of the banking day on which the notice of the assessment is delivered to each Clearing Member. If a Clearing Member pays such assessment by wire and the wire transfer service is not open or operational at the time notice is sent, payment is due within one (1) hour on the next business day that the wire transfer service is open and operational. Any Clearing Member that does not satisfy an assessment shall be in default, and shall be responsible for any Default Loss that occurs. In the event that the amount of assessments received exceeds the amount of the loss, the Clearinghouse will return such excess funds as soon as practicable.

1.3.9. Haircut Settlement Cycles

If one or more Clearing Members ~~Default~~ and the assets available to cover the ~~Defaults~~, including the funds described above, are insufficient to satisfy the Default Loss and Obligations of the Clearinghouse as a result of such Default, then the Board, with input from RiskCo if required, approves- the Clearinghouse to modify settlement cycles in accordance with CFTC ~~§Regulation 39.146 and CFTC regulations thereunder.~~

Following the Board's approval, the Clearinghouse shall issue a notice and conduct a settlement cycle for all ~~Cboe Clear Digital~~the Clearinghouse contracts to determine settlement prices for all contracts and the net portfolio gain or loss for each house and customer portfolio:

The net portfolio gain of a Clearing Member (a "collect"), or the net portfolio loss of a Clearing Member to the Clearinghouse (a "pay"), shall be determined separately for (i) its proprietary positions in ~~Cboe Clear Digital~~the Clearinghouse contracts (a "Proprietary Collect" or a "Proprietary Pay"), and (ii) the net positions of its customers in Cboe Clear Digital contracts (collectively, a "Customer Collect" or a "Customer Pay").

The Clearinghouse shall determine and calculate the sum of (i) the amount of each non- defaulted Clearing Member's remaining payment obligations, if any, with respect to assessments levied by ~~Cboe Clear Digital~~the Clearinghouse; (ii) any other remaining available funds or collateral; (iii) all Proprietary Pays to be received by ~~Cboe Clear Digital~~the Clearinghouse; and (iv) all Customer Pays to be received by ~~Cboe Clear Digital~~the Clearinghouse, and deduct the amount of any uncovered loss (the resulting amount, the "Aggregate Available Funds").

The Clearinghouse shall then notify each Clearing Member of the amount of its remaining assessments (if any), Proprietary Pay, and Customer Pay, and each Clearing Member shall pay all such amounts no later than the time required for the relevant settlement cycle. If a Clearing Member does not make such payment to the Clearinghouse, such Clearing Member will be in Default and the Clearinghouse may take any of the actions specified elsewhere in the ~~Cboe Clear Digital~~Clearinghouse Rules with respect to such Clearing Member and its customers.

If the amount of Aggregate Available Funds received by the Clearinghouse exceeds the sum of all Proprietary Collects and Customer Collects, the Clearinghouse shall calculate reimbursements of, and distribute, the excess funds to Clearing Members in the reverse order funds were previously paid to the Clearinghouse, provided the loss has been fully addressed. Such reimbursements will be distributed pro rata to Clearing Members. The Clearinghouse may also determine a maximum amount to pay back for closed positions that may be included in the aggregate collects, based upon existing facts and circumstances that it deems appropriate to mitigate further disruptions to the markets.

If the sum of all Proprietary Collects and Customer Collects exceeds the amount of Aggregate Available Funds received, including any voluntary contributions received, then the following procedures will apply:

- The Clearinghouse shall haircut the amount of each Proprietary Collect and Customer Collect on a pro rata

basis for the current, and each successive, settlement cycle for the next two (2) Business Days, unless a ~~B~~ankruptcy ~~E~~vent has occurred, to equal the amount of Aggregate Available Funds received relative to the Proprietary Collect and Customer Collect (such process, a "Variation Margin Gains Haircut"). The Clearinghouse will haircut Customer Collects at the Customer Account level of each Clearing Member, and each Clearing Member will allocate such haircut pro rata among its customers with net portfolio gains for the relevant settlement cycle.

- After considering the existing facts and circumstances and the interests of ~~Cboe Clear Digital's~~ the Clearinghouse's Clearing Members, the Board, in consultation with the RiskCo~~—~~, may instruct the Clearinghouse to extend or reduce the number of days during which Variation Margin Gains Haircuts are applied by one or two Business Days. In no event may the Clearinghouse conduct Variation Margin Gains Haircuts for longer than five ~~(5)~~ Business Days.
- Absent a ~~b~~ankruptcy ~~E~~vent, for each settlement cycle conducted in accordance with these procedures, the Clearinghouse shall pay the haircuted Proprietary Collects and Customer Collects as soon as practicable after receipt of the Aggregate Available Funds.
- If a ~~B~~ankruptcy ~~E~~vent occurs following a Clearing Member Default on a day during which Variation Margin Gains Haircuts are applied to settlement cycles, then on such day, the Clearinghouse will conduct a final settlement cycle which will also be subject to a Variation Margin Gains Haircut. The price determined in accordance with such settlement cycle will be used as the price for close-out netting.

Notwithstanding anything to the contrary in this section, the funds and assets of a defaulting Clearing Member's customers will not be applied to cover losses with respect to a ~~house~~-House default, per CFTC Regulation 39.16(c)(2)(v).

1.3.10. Partial & Full Tear-ups

Default Losses will first be satisfied by applying the funds in the order of priority ~~listed in as described in the~~ Application of Funds section of this document and the use of Clearinghouse Assessments. In the event such measures are not sufficient to cover Default Losses, the Clearinghouse may implement a voluntary tear-up process and, if a voluntary tear-up is not sufficient to cover Default losses or the Clearinghouse otherwise determines it is appropriate, the Clearinghouse may implement a sanctioned partial tear- up process or determine to implement a full termination of all contracts.

Voluntary tear-up. The Clearinghouse may issue a notice to Clearing Members and Market Participants providing an opportunity ~~for them~~ to voluntarily agree to have one or more proprietary contracts or, with a customer's consent, to agree to have one or more of each of such customer's contracts that are opposite the remaining open positions of the Defaulted Clearing Member, extinguished by the Clearinghouse ("tear-up").

Sanctioned partial tear-up. The Board, through consultation with the RiskCo and the DMC, may determine that a sanctioned partial tear-up is appropriate and instruct the Clearinghouse to extinguish a portion of the remaining open positions of the Defaulted Clearing Member through a partial tear-up of proprietary and customer positions of non-defaulted Clearing Members and non-defaulted customers of the Defaulted Clearing Member. A partial tear- up may include, but is not limited to, a line-by-line tear-up against the remaining open positions of the Defaulted Clearing Member. In such event, the RiskCo will review and provide recommendations to the Board who will determine the appropriate scope of each partial tear-up in accordance with the following procedures.

Sanctioned full tear-up. The Board may determine that, instead of implementing a sanctioned a partial tear-up process, it is appropriate for the Clearinghouse to conduct a full tear-up of all contracts, taking into consideration any recommendation by the Board ~~of Directors~~ and the ~~Default Management Committee~~DMC. Such determination, and any recommendation, will (i) be based upon then existing facts

and circumstances; (ii) support the integrity of the Clearinghouse and the stability of the financial system; (iii) take into consideration the interests of Clearing Members and Market Participants; and (iv) aim to extinguish the Defaulted Clearing Member's open proprietary and customer positions and any additional positions deemed necessary to mitigate further disruptions to the markets affected by the remaining open positions of the Defaulted Clearing Member.

If any proprietary or customer positions of a Defaulted Clearing Member remain open following the last Variation Margin Gains Haircut settlement cycle, then the Clearinghouse will conduct a partial tear-up process of proprietary and customer positions of non-defaulted Clearing Members and non-defaulted customers of the Defaulted Clearing Member, provided that the Board, with input from the RiskCo shall determine the appropriate scope of the tear-up. In this situation, the Clearinghouse would proportionately extinguish contracts held by non-defaulted Clearing Members, their non-defaulted customers, and the non-defaulted customers of the Defaulted Clearing Member that are opposite the Defaulted Clearing Member's remaining open positions relative to the size of such remaining open positions.

In the event that the Board mandates a full tear-up of contracts or if, after taking any or all of the measures allowed in this section to address a Clearing Member Default or Insolvency, the Clearinghouse determines that it still will ~~not be able to~~ satisfy all losses or cover a settlement variation payment obligation when due (without expectation of accessing funds that would permit it to cover such payment obligation), then the Clearinghouse will terminate all contracts in accordance with these procedures. As soon as reasonably practicable, and in a manner consistent with the Commodity Exchange Act and the regulations adopted thereunder, the Clearinghouse will fix a U.S. dollar amount to be paid to or received from the Clearinghouse in respect of all contracts to be terminated by conducting a haircut settlement cycle to determine a final settlement price for all open contracts.

Upon the completion of payments, all ~~Cboe Clear Digital~~ Clearinghouse contracts shall be extinguished, and the Clearinghouse shall have no further access to funds or collateral with respect to such contracts or clearing activity of a non-Defaulting Clearing Member. Clearing Members, their affiliates, and their customers shall have no claim against the Clearinghouse with respect to losses suffered as a result of the application of ~~Cboe Clear Digital~~ the Clearinghouse Rules, nor shall any beneficial holder of an ~~Cboe Clear Digital~~ contract have any claim against its non-defaulting Clearing Members.

1.3.10.1.11. Cooling Off Period And Multiple Defaults

If more than one Clearing Member Default occurs at a time or in close sequence, including a Default that occurs by reason of a Clearing Member's failure to satisfy an assessment demand, the Clearinghouse will manage the Defaults separately.

Upon any Default, during the Cooling Off Period, as defined below, non-defaulting Clearing Members will be subject to a maximum obligation to pay assessments as described in the Assessments requirement and the maximum obligation of all Members shall be restricted to the special assessment limit as described in Assessments requirement. These maximums shall apply from the date of the original default until the later of (i) the fifth Business Day thereafter and (ii) if another Clearing Member defaults during the five ~~(5)~~ Business Days following the initial or any subsequent default, the fifth Business Day following the last such default (such period, the "Cooling Off Period"), regardless of the number of Defaults that occur during such Cooling Off Period.

The aggregate maximum contribution that may be required pursuant to the Assessments requirement, for the Cooling Off Period, shall be based upon each Clearing Member's total Guaranty Fund deposit requirement in effect at the commencement of the Cooling Off Period. The maximum does not limit Clearing Members' obligations to restore their Guaranty Fund contributions or ~~margins~~ margins, and performance bonds as set forth in the Collateral

to be Restored section. Following a Cooling Off Period, the Clearinghouse shall notify each Clearing Member of its Guaranty Fund deposit requirement and its assessment exposure.

| The ~~Cboe Clear Digital~~Clearinghouse Default Financial Resource contribution shall be limited during the Cooling
| Off Period, as decided by the Board, in consultation with the RiskCo if required. The Board may, at its discretion,
| authorize additional funds to be added to the ~~Cboe Clear Digital~~Clearinghouse's Default Financial Resources
contribution during the Cooling Off Period.

Document Information <DO NOT EDIT>

SharePoint-populated data:

Major Version #	2
Last Revised Date	5/31/2024
Last Review Date	3/4/2024