

# **CBOE DIGITAL EXCHANGE LLC RULEBOOK**

Updated as of January 2, 2024

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**Amendments/Revisions to Rulebook**

Date		Amendment(s) and/or Revision(s)
November 20, 2018		Rulebook was amended to remove reference to Interest Rate Swap Futures products.
April 1, 2019		Rulebook was amended to include Chapter 12: Spot Markets
November 11, 2019		Rulebook was amended to update definitions for digital currency futures markets, and incorporate new products.
May 6, 2020		Rulebook amended to add Rule 911 and related definition. Versioning changed to effective date control rather than version numbering.
May 19, 2020		Revised Rule 906
May 21, 2020		Revised Rule 601 (Block Trades)
July 6, 2020		Revised Rule 1210 to provide for 24/7 Spot trading
October 23, 2020		Revised Rule 601 (Block Trades) to include bounded futures and added bounded futures product specifications to Chapter 11
January 29, 2021		Revised Rule 1210 to update Minimum Order Size information for Spot Contracts. Revised Rule 1206 to update block sizes for Spot Contracts.
April 5, 2021		Revised Rule 1210 to add USDC for Spot Contracts Specifications. Revised Rule 1206 to update Spot Contracts and related information about products for block trades.
April 25, 2021		Amendment to Bitcoin Bounded Futures (BB) contract size from \$0.10 to \$0.01; conforming changes to large trader, volume thresholds, and block trade size.
May 15, 2021		Volume Threshold reportable levels are being updated to 250 to comply with the CFTC Staff Letter #20-30 and to ensure consistency in Volume Threshold reporting across all products.
June 23, 2021		Amendment pursuant to 38.251 (e)
September 9, 2021		Large Trader Reportable levels updated in accordance with CFTC Reg. §15.03 (b). Correcting typos.
December 28, 2021		Arbitration clauses now reference AAA.
January 11, 2022		Matching capability for spot contracts updated to include Request for Stream
May 2, 2022		Conforming changes to align with the amendment of the Eris Exchange Limited Liability Company Agreement.



August 13, 2022		Amendment to Chapter 12 for conforming changes to the Spot rules.
September 2, 2022		Delisting of Bounded Futures Contracts and amendment to related provisions.
October 1, 2022		Amendment to reflect new legal name
January 6, 2023		Amendment to incorporate by reference spot contract specifications on the Cboe Digital website
October 16, 2023		Amendment to harmonize certain Exchange Rules with that of its affiliated DCM, Cboe Futures Exchange, LLC ("CFE").
October 20, 2023		Revised Chapter 12 Introduction and Rule 1200 to incorporate by reference Cboe Digital Exchange Rulebook eff. January 6, 2023.
November 13, 2023		Removal of fully-funded BTC and ETH contract specifications in Rules 1101 and 1102.
December 1, 2023		Updates to various Rules in connection with listing and trading of margin futures products; removal of Exchange Committees from various Rules.

## CHAPTER 1: DEFINITIONS

### RULE 101. Definitions

When used in this Rulebook the following terms shall have the respective meanings as follows:

“Affiliate” of, or a Person “Affiliated” with another Person means a Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, such other Person.

“Appeal Panel” means a panel comprised of a chair and two individuals appointed by the Board to consider appeals under Chapter 7.

“Applicable Law” means, any statute, law, regulation, rule or ordinance of any governmental or self-regulatory authority including the CEA and CFTC Regulations, and state regulations where applicable.

“Authorized Representative” means any natural person who is employed and authorized by a Trading Privilege Holder to represent the Trading Privilege Holder in Exchange matters pursuant to Rule 307.

“Authorized Reporter” has the meaning set forth in Rule 602 in relation to Exchange of Derivatives for Related Position transactions and has the meaning set forth in Rule 601 and Rule 1206, as applicable, in relation to Block Trades.

“Authorized Trader” means any natural person who is either a Trading Privilege Holder or who is authorized by a Trading Privilege Holder to access the Cboe Digital Exchange on behalf of a Trading Privilege Holder

“Block Trade” has the meaning set forth in Rule 601 and Rule 1206, as applicable.

“Board” means the Board of Managers of Cboe Digital Exchange, which manages the Exchange and is constituted from time to time in accordance with the Operating Agreement.

“Business Day” means, any day the Exchange is open for business in any Contract.

“Cboe Clear Digital” means Cboe Clear Digital, LLC, or its successor.

“Cboe Digital Exchange” or “Exchange” means Cboe Digital Exchange, LLC, or any successor thereto.

“Cboe Digital Exchange Rules” or “Rulebook” means all rules adopted, all Notices to Participants published by the Exchange or Clearing House, and the terms of any agreements, terms of use, interpretations, orders, resolutions, advisories, statements of policy, decisions, manuals and directives of Cboe Digital Exchange or the Clearing House, and all amendments thereto.

“Cboe Digital Exchange User License Agreement” or “EULA” means the Cboe Digital Exchange User License Agreement that must be entered into by any user of the Cboe Digital Trading System.

“CDIH” means Cboe Digital Intermediate Holdings, LLC, or any successor thereto.

“Cboe Digital Trading System” means the Cboe Digital Exchange electronic trade execution system that is used for trading Contracts, including any licensed software that is a part thereof from time to time, and any successor electronic trading system thereto.

“Cboe Digital Workstation” means any computer connected directly to the Cboe Digital Trading System, including by means of an Exchange defined protocol, for the purpose of trading Contracts.

“CFTC” or “Commission” means the U.S. Commodity Futures Trading Commission or any successor regulatory body.

“CFTC Regulations” means the rules and regulations promulgated by the CFTC, as amended.

“President” means the individual appointed by the Board as the Exchange’s President.

“Chief Regulatory Officer” means the individual appointed by the Board as the Exchange’s chief regulatory officer.

“Clearing Member” a member of the Clearing House that is a Trading Privilege Holder and that is authorized under the Rules of the Clearing House to clear trades in any or all Contracts. Clearing Member may include, as the context requires, Futures Clearing Members and/or Digital Asset Clearing Members. The term “Clearing Member” collectively refers to all Authorized Traders of a Clearing Member authorized to utilize Cboe Digital Exchange.

“Clearing House” means the Cboe Clear Digital, LLC (“Cboe Clear Digital”) or such other clearing organization(s) as the Exchange may designate to provide clearing services with respect to any or all of its Contracts. To the extent that the Exchange designates multiple clearing organizations to provide clearing services at any given time, the term Clearing Houses shall refer to any clearing organization designated to provide such services with respect to the Contract or Clearing Member in question.

“Clearing House Rules” means the Articles of Organization, operating agreement, rules, policies, interpretation, stated policy, or instrument corresponding to any of the foregoing, in each case as adopted or amended from time to time by the Clearing House.

“Commodity Exchange Act” or “CEA” means the Commodity Exchange Act, as amended from time to time.

“Contract” means any Future, Option, Swap or Digital Asset approved for trading on the Exchange or through the Cboe Digital Trading System, and pursuant to the Rules. Each single leg Futures expiration and each single leg Options series is a separate Contract.

“Contract Market” has the meaning set forth in CFTC Regulation § 1.3.

“Contract Specifications” means, with respect to any Contract, the rules or other trading protocols containing specifications for such Contract, as adopted, amended, supplemented or otherwise modified from time to time by the Exchange.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of securities, by contract, or otherwise. The terms “controlling” or “controlled” shall have meanings correlative to the foregoing.

“Customer” means any Person for whom for whom a Trading Privilege Holder or Participant carries an account (other than such Trading Privilege Holder or Participant or any Affiliates of such Trading Privilege Holder or Participant) or from whom a Trading Privilege Holder or Participant solicits or accepts an Order.

“Customer Account” means the account of a Customer.

“Daily Settlement Price” or “Settlement Price” means the official daily closing price for a Contract calculated each Business Day, as determined in accordance with Rule 906, and used for all open interest at the close of the daily settlement cycle.

“Derivatives Clearing Organization” has the meaning set forth in Section 1a(15) of the CEA.

“Digital Asset Clearing Member” means a member of the Clearing House that is a Digital Asset Trading Privilege Holder and that is authorized by the Clearing House to clear trades in Digital Asset Contracts.

“Digital Asset Trading Privileges” means a permit conferred by the Exchange on any Person in accordance with Rule 302 to access the Cboe Digital System to trade in Digital Asset Contracts and to enter into Block Trades in Digital Asset Contracts in accordance with the Rules of the Exchange.

“Digital Asset Trading Privilege Holder” means any Person holding Digital Asset Trading Privileges. The term “Digital Asset Privilege Holder” collectively refers to all Digital Asset Privilege Holders and Authorized Traders of a Digital Asset Privilege Holder authorized to utilize Cboe Digital Exchange.

“Digital Asset” means a type of digital unit or asset that is used as a medium of exchange or form of digitally stored value. Examples of Digital Assets include Bitcoin and Ether.

“Director” means any member of the Board.

“Disciplinary Panel” means the panel appointed by the Board at the recommendation of the Chief Regulatory Officer to act in an adjudicative role and fulfill various adjudicative responsibilities and duties described in Chapter 7.

“EEA Retail Investor” means any person or entity located in the European Economic Area that does not qualify as a “professional client” as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as such term may be amended, restated or superseded from time to time.

“Eligible Contract Participant” has the meaning set forth in Section 1a(18) of the CEA, as amended, and CFTC rules promulgated thereunder.

“Emergency” means the occurrences or circumstances which, in the opinion of the Board, require immediate action, and which threaten, or may threaten, the fair and orderly trading in, or the settlement or integrity of, any Contract, including, without limitation, the following:

- (i) any circumstance that may materially affect the performance of a Contract, including but not limited to failure of the Cboe Digital Trading System or the Clearing House system;
- (ii) any action taken by any domestic or foreign regulatory, self-regulatory, judicial, arbitral, or governmental (whether national, state or municipal) or quasi-governmental authority, or any agency, department, instrumentality, or sub-division thereof; or other Person exercising, or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or any other Contract Market, clearing house, board of trade, or other exchange or trade association (foreign or domestic) that may have a direct impact on trading on the Exchange or the settlement legality or enforceability of any Contract;
- (iii) any actual, attempted or threatened corner, squeeze, congestion, manipulative activity or undue concentration of positions in a Contract;
- (iv) any circumstance that may have a severe, adverse effect upon the functions and facilities of the Exchange, including, but not limited to, acts of God, fire, flood or other natural disasters, bomb threats, acts of terrorism or war, severely inclement weather, or failure or malfunction of all or a portion of the Cboe Digital Trading System, or other system breakdowns or interruptions such as power, computer, communication or transportation systems or the Internet;
- (v) the bankruptcy or insolvency of any Clearing Member or the imposition of any injunction or other restraint by any government agency, clearing house, court or arbitrator upon a Clearing Member which may affect the ability of a Clearing Member to trade in or perform on a Contract;
- (vi) any circumstance in which it appears to the Board that a Participant:
  - (A) has failed to perform on a Contract;
  - (B) is insolvent; or
  - (C) is in a financial or operational condition or is conducting business such that the Clearing Member or Person cannot be permitted to continue in business without jeopardizing the safety of Customer funds, Trading Privilege Holders, Participants, the Exchange or the Clearing House;
- (vii) Any circumstance which may have a material impact on the reliability or transparency of the underlying commodity market related to the Products; or
- (viii) any other unusual, unforeseeable or adverse circumstance as determined by the Exchange.

“Emergency Rules” has the meaning set forth in Rule 212(a).

“Exchange Activity” means business for which a Clearing Member, Trading Privilege Holder, Participant or other Person, is subject to the Cboe Digital Exchange Rules, which is purportedly conducted subject to the Cboe Digital Exchange Rules, or which should have been conducted subject to the Cboe Digital Exchange Rules.

“Exchange of Derivatives for Related Positions” or “EDRP” or “Exchange of Futures for Related Positions” or “EFRP” has the meaning set forth in Rule 602.

“Exchange Official” means any Director or Officer of, or individual employed directly by, the Exchange or the Clearing House, or any individual rendering similar services to the Exchange under an administrative or similar agreement.

“Exchange Practices Committee” means the committee of the Board constituted in accordance with Rule 210.

“Exchange Proceeding” and “Exchange Proceedings” have the meanings attributed to such terms in Rule 213(a).

“Founding Owner” means a Participant that has made an equity investment in CDIH.

“Future” means any Contract for the purchase or sale of any commodity for future delivery from time to time traded on or subject to the Rules of the Exchange.

“Futures Clearing Member” means a member of the Clearing House that is a Futures Asset Trading Privilege Holder and that is authorized by the Clearing House to clear trades in Futures Contracts. “Futures Commission Merchant” or “FCM” has the meaning set forth in Section 1a(28) of the CEA.

“Futures Trading Privileges” means a permit conferred by the Exchange on any Person in accordance with Rule 302 to access the Cboe Digital System to trade in Futures Contracts and to enter into EDRP transactions and Block Trades in Futures Contracts in accordance with the Rules of the Exchange.

“Futures Trading Privilege Holder” means any Person holding Futures Trading Privileges. Futures Trading Privilege Holders shall be deemed to be members of the Exchange for purposes of the CEA and Commission Regulations thereunder. The term “Futures Privilege Holder” collectively refers to all Futures Privilege Holders and Authorized Traders of a Futures Privilege Holder authorized to utilize Cboe Digital Exchange.

“Government Agency” means any governmental entity (including the United States, a State, or a foreign government).

“Independent Software Vendor” or “ISV” means any Person that offers services that provide access to the Cboe Digital Trading System. In order to provide access to the Cboe Digital Trading System the ISV must enter into a Third-Party Connectivity Agreement with the Exchange and be approved by the Exchange.

“Interested Person” has the meaning attributed to such term in Rule 213(a).

“Introducing Broker” or “IB” has the meaning set forth in Section 1a(31) of the CEA.

“Joint Audit Committee” means the voluntary, cooperative organization comprised of representatives of U.S. futures exchanges and self-regulatory organizations, including the Exchange. The Joint Audit Committee's primary responsibility is to oversee the implementation and functioning of all terms and conditions of the Joint Audit Agreement and to determine the practices and procedures to be followed by each Designated Self-Regulatory Organization in the conduct of audits and financial reviews of FCMs.

“Joint Compliance Committee” means the information sharing organization whose members include compliance officials from all U.S. Designated Contract Markets, including the Exchange.

“Liquidity Provider” means a Trading Privilege Holder that has entered into a Liquidity Provider Agreement, which provides the Trading Privilege Holder with certain incentives as a liquidity provider.

“Market Regulation Department” means all Exchange Officials and/or agents of the Exchange that assist the Exchange in the implementation, surveillance and enforcement of the Cboe Digital Exchange Rules and other Obligations.

“Exchange Notice” means a communication sent by or on behalf of the Exchange to all Trading Privilege Holders as described in Rule 309.

“Obligation” means each Rule of the Exchange, order or procedure issued by the Exchange, including Exchange Notices, and other requirements implemented by the Exchange under the Cboe Digital Exchange Rules, including each term of a Contract, as well as any contractual obligations between a Trading Privilege Holder or Participant, and the Exchange, including the Participant Documentation.

“Officer” has the meaning attributed to such term in Rule 203.

“Operating Agreement of Cboe Digital Exchange” or “Operating Agreement” means the Limited Liability Company Agreement of Cboe Digital Exchange LLC, as amended or otherwise modified from time to time.

“Option” means any Option to buy or sell any Contract traded subject to the Cboe Digital Exchange Rules.

“Order” means either a bid or an offer for a Contract. The following Order types are available on the Cboe Digital Trading System and may be amended from time to time:

- (a) Limit means a simple order executed when a specific price is met.
- (b) Stop Limit means an order that is similar to Stop Loss order with a difference that it activates a Limit order when market rate condition of the stop price is met.

“Order Qualifiers” means the following order duration qualifiers supported by the Cboe Digital Trading System. An Order eligible to be entered into the Cboe Digital Trading System that does not contain a duration qualifier will be cancelled if not filled during the trading day in which it was received or, if it was received between trading days, during the next trading day. An Order may specify one of the following duration qualifiers:

- (a) “Good Till Cancel” (GTC) means an Order that will remain in the market until executed or manually cancelled.
- (b) “Immediate or Cancel” (IOC) means an Order that will either be immediately executed or cancelled.
- (c) “Good Till Date” (GTD) means an Order that will remain in the market until the end of the trading session on a specified date.
- (d) “Fill or Kill” (FOK) means an Order in which the full quantity of the Order will either be immediately executed or canceled.

“Other Trading Hours” or “OTH” means, if applicable, the times available for trading block trades and EDRPs when the public auction market is closed.

“Participant” has the meaning set forth in Rule 314(d).

“Participant Documentation” means the applicable forms and agreements (together with any applicable schedules, exhibits or appendices thereto required by the Exchange or Clearing House) in form and substance acceptable to the Exchange, that are required to be executed and delivered to the Exchange or Clearing House before a Person may access the Cboe Digital Trading System.

“Person” means any natural person, sole proprietorship, association, partnership, limited liability company, joint venture, trust, corporation or other type of entity or organization.

“Privileges of Membership,” for purposes of NFA Bylaw 1301, shall be granted to any Participant that is a Founding Owner or Liquidity Provider as set forth in Rule 305.

“Proprietary Account” has the meaning ascribed to it by CFTC Regulation § 1.3.

“Public Director” means an individual with the qualifications set forth in Rule 202(e).

“Public Individual” means an individual that is determined by the Board or Chief Regulatory Officer, as applicable, to have no “material relationship” with the Exchange, as such term is used in Rule 202(e).

“Regular Trading Hours” or “RTH” means those hours designated for public auction trading of the relevant Contract as may be determined by the Exchange from time to time.

“Regulatory Oversight Committee” means the committee of the Board constituted in accordance with Rule 208.

“Related Party Means” means, with respect to any Trading Privilege Holder: any partner, director, officer, branch manager, employee or agent of such Trading Privilege Holder (or any Person occupying a similar status or performing similar functions); any Person directly or indirectly Controlling, Controlled by, or under common Control with, such Trading Privilege Holder; or any Authorized Trader of such Trading Privilege Holder.

“Self-Regulatory Organization” shall, unless otherwise provided, have the meaning set forth in CFTC Regulation § 1.3 and, in addition, shall include a Contract Market, Derivatives Clearing Organization, and registered futures association.

“Technology Services Agreement” means the agreement(s) between the Exchange and Technology Services Provider(s) whereby technology services are provided to the Exchange.

“Technology Services Provider” means an organization, if any, which provides technology services to the Exchange pursuant to a Technology Services Agreement

“Trading Hours” means, for any Business Day, the hours that trading in any Contract may regularly be conducted. Trading Hours shall include any regular and other trading hours in a relevant Contract’s specifications under the Rules and published on the Exchange’s website. Except to the extent expressly permitted by the Rules of the Exchange, no Trading Privilege Holder (including its Authorized Traders) shall engage in any transaction in any Contract before or after such hours.



“Trading Privilege Holder” means any Person holding Trading Privileges. Trading Privilege Holder may include, as the context requires, Digital Asset Trading Privilege Holders and/or Futures Trading Privilege Holders.

“Trading Privileges” means Futures Trading Privileges and Digital Asset Trading Privileges.

**The following rules of construction shall apply to the Cboe Digital Exchange Rules:**

- (i) the headings are for convenience only and do not affect the construction of the Cboe Digital Exchange Rules;
- (ii) all references to time are to local time in Chicago, Illinois except where expressly provided otherwise;
- (iii) words denoting a singular number include the plural number where the context permits and vice versa;
- (iv) where the context permits or requires, any pronoun shall include the corresponding masculine, feminine and gender neutral forms;
- (v) references to statutory provisions include those provisions as amended, and any rules or regulations promulgated thereunder.

## CHAPTER 2: EXCHANGE OWNERSHIP AND GOVERNANCE

### RULE 201. Ownership

Cboe Digital Exchange is a Delaware Limited Liability Company. The limited liability company agreement of Cboe Digital Exchange governs the management and operation of Cboe Digital Exchange (“Cboe Digital Exchange Operating Agreement”). CDIH owns the equity interest in Cboe Digital Exchange.

### RULE 202. Board

- (a) The Board shall manage the day to day business operations of the Exchange. The Board has the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of standing committees or special committees of the Board or any panel of the Officers related to the day to day business operations of the Exchange.
- (b) The Board may act only by the decision of an absolute majority in number of the Directors by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in the Cboe Digital Exchange Operating Agreement.
- (c) At all times, at least 35% of the Directors shall be Public Directors. Each Director (including Public Directors) shall be appointed in accordance with the Cboe Digital Exchange Operating Agreement, and shall serve until his or her successor is duly appointed, or until his or her earlier resignation or removal, with or without cause.
- (d) Each Director is entitled to indemnification pursuant to the Cboe Digital Exchange Operating Agreement with respect to matters relating to the Exchange or otherwise relating to CDIH.
- (e) To qualify as a Public Director, an individual must be found, by action of the Board, to have no material relationship with the Exchange. The Board must make such finding upon the nomination or appointment of the Director and as often as necessary in light of all circumstances relevant to such Director, but in no case less than annually.

A “material relationship” is one that reasonably could affect the independent judgment or decision-making of the Director. In making the finding specified in this Rule, the Board need not consider previous service as a Director of the Exchange to constitute a “material relationship.” A Director shall be considered to have a “material relationship” with the Exchange if any of the following circumstances exist or have existed within the past year:

- (1) Such Director is an Officer or an employee of the Exchange, or an officer or an employee of an Affiliate of the Exchange;
- (2) Such Director is a Trading Privilege Holder or Owner of the Exchange;
- (3) Such Director is a director, an officer, or an employee of a Trading Privilege Holder or Owner of the Exchange;

- (4) Such Director is an officer of another entity, which entity has a compensation committee (or similar body) on which any Officer of the Exchange serves;
  - (5) Such Director, or an entity with which the Director is a partner, an officer, an employee, or a director, receives more than \$100,000 in combined annual payments for legal, accounting, or consulting services from the Exchange or its Affiliate, any member of the Exchange, or any Affiliate of such member. Compensation for services as a Director of the Exchange or as a director of an Affiliate thereof does not count toward the \$100,000 payment limit, nor does deferred compensation for services rendered prior to becoming a Director, so long as such compensation is in no way contingent, conditioned, or revocable; or,
  - (6) Notwithstanding Rule 202(e)(5), in the case of a public director that is a member of the Regulatory Oversight Committee or the Exchange Participant Committee, such public director accepts, directly or indirectly, any consulting, advisory, or other compensatory fee from the Exchange or its Affiliate or any member of the Exchange or the member's Affiliate, other than deferred compensation for services rendered prior to becoming a member of the Regulatory Oversight Committee or the Exchange Committee, provided that such compensation is in no way contingent, conditioned, or revocable. This Rule 202(e)(6) does not apply to compensation received in the public director's capacity as a member of the Regulatory Oversight Committee or Exchange Participant Committee.
- (f) Any of the relationships set forth in Rule 202(e)(1) through Rule 202(e)(6) apply to the "immediate family" of such director, i.e., spouse, domestic partner, parents, children, and siblings, in each case, whether by blood, marriage, or adoption, or any person residing in the home of the director or that of his or her "immediate family."
- (g) A Public Director of any Exchange specified in Rule 202 may also serve as a public director of an Affiliate of the Exchange if he or she otherwise meets the requirements set forth in Rule 202(e)(1) through Rule 202(e)(6).

### **RULE 203. Officers**

- (a) The Board shall appoint a Chief Executive Officer, a Chief Regulatory Officer, and such other officers of the Exchange (all of the foregoing, collectively, the "Officers") as it may deem necessary or appropriate from time to time, in accordance with the Operating Agreement.
- (b) Any Officer may also be a director, officer, partner or employee of the Exchange or any of its Affiliates.
- (c) The Officers shall have such powers and duties in the management of the Exchange as the Board may prescribe from time to time.
- (d) Each Director and Officer is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to the Exchange or otherwise relating to CDIH.

### **RULE 204. Qualifications of Directors, Disciplinary Panel Members, Appeal Panel Members, Committee Members, Owners and Officers**

- (a) A Director or Officer must meet the qualifications set forth from time to time in the Operating Agreement.

- (b) An individual may not serve as a Director or an Officer, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, or hold a 10% or more ownership interest in the Exchange, if the individual:
- (a) within the prior three (3) years has been found, by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC, or any Self-Regulatory Organization, to have committed a disciplinary offense;
  - (b) within the prior three (3) years has entered into a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged, included a disciplinary offense;
  - (c) is currently suspended from trading on a Contract Market, is suspended or expelled from membership in a Self-Regulatory Organization, is serving any sentence or probation, or owes any portion of a fine or penalty related to either:
    - (i) a finding of a disciplinary offense by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC, or any Self-Regulatory Organization; or
    - (ii) a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;
  - (d) is currently subject to an agreement with the CFTC or any Self-Regulatory Organization to not apply for registration with the CFTC or for membership in the Self-Regulatory Organization;
  - (e) is currently, or within the past three (3) years has been, subject to a revocation or suspension of registration by the CFTC or subject to any of the conditions set forth in section 8a(2) of the CEA;
  - (f) has been convicted of a felony listed in section 8a(2)(D)(ii) through (iv) of the CEA; or
  - (g) is currently subject to a denial, suspension or disqualification from serving on a disciplinary committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in CFTC Regulation § 1.63 and section 3(a)(26) of the Securities Exchange Act of 1934.
- (c) Any Director, Officer, member of a committee established by the Board, any member of a Disciplinary Panel, or Appeal Panel, any individual nominated to serve in any such role, or any individual authorized by the Market Regulation Department to take summary action shall immediately notify the Chief Executive Officer if such individual meets one or more of the criteria in Rule 204(b).
- (d) For purposes of Rule 204(b), the terms “disciplinary offense,” “final decision,” and “settlement agreement” have the meanings set forth in CFTC Regulation § 1.63(a).

## **RULE 205. [Reserved]**

- (a) The Board shall have three standing committees: the “Exchange Participant Committee,” the “Regulatory Oversight Committee,” and the “Exchange Practices Committee.” The Board may from time to time constitute and appoint in accordance with the Operating Agreement, such additional standing committees of the Board as it may from time to time deem necessary or advisable.
- (b) Each member of such standing committees must be a Director, one of whom the Board shall designate as the chairperson of each standing committee.
- (c) Each standing committee shall assist in the supervision, management and control of the affairs of the Exchange within its particular area of responsibility, subject to the authority of the Board.
- (d) Subject to the authority of the Board, each standing committee shall determine the manner and form in which its proceedings shall be conducted. Each standing committee may act only by the decision of an absolute majority in number of the members of such committee, by a vote at a meeting or by unanimous written consent without a meeting. The Board has the authority to overrule the decision of a standing committee.

## **RULE 206. [Reserved]**

## **RULE 207. [Reserved]**

## **RULE 208. Regulatory Oversight Committee**

- (a) The Regulatory Oversight Committee of the Board shall consist of Public Directors appointed from time to time by the Board (i.e. 100% Public Directors).
- (b) Each member of the Regulatory Oversight Committee shall serve for a term of two calendar years from the date of their appointment or for the remainder of their term as a Public Director, and until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Regulatory Oversight Committee or as a Public Director. A member of the Regulatory Oversight Committee may serve multiple terms.
- (c) The Regulatory Oversight Committee shall oversee the Exchange’s regulatory program on behalf of the Board. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the Regulatory Oversight Committee to fulfill its mandate. It shall make such recommendations to the Board as will, in its judgment, best promote the interests of the Exchange. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as set forth in the Rules and as the Board may delegate to it from time to time.

(d) Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have authority to:

- (1) Monitor the regulatory program of the Exchange for sufficiency, effectiveness, and independence;
- (2) Oversee all facets of the regulatory program, including:
  - (i) Trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Trading Privilege Holders (including compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of investigations;
  - (ii) Reviewing the size and allocation of the regulatory budget and resources, and the number, hiring, termination, and compensation of regulatory personnel;
  - (iii) Supervising the Chief Regulatory Officer of the Exchange, who will report directly to the Regulatory Oversight Committee;
  - (iv) Recommending changes that would ensure fair, vigorous, and effective regulation; and
  - (v) Reviewing all regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation.

(e) The Regulatory Oversight Committee reports to the Board.

### **RULE 209. Chief Regulatory Officer**

- (a) It shall be the duty of the Chief Regulatory Officer to enforce the Rules.
- (b) The Chief Regulatory Officer shall have available to it at all times the resources of the Market Regulation Department and such other Exchange resources as may be necessary to conduct investigations of alleged rule violations and market conditions.
- (c) The Chief Regulatory Officer shall report to, and shall be supervised by, the Regulatory Oversight Committee.
- (d) The Chief Regulatory Officer shall have the authority to inspect the books and records of all Trading Privilege Holders and the authority to require any Trading Privilege Holder to appear before him or her and produce its books and records and answer questions regarding alleged violations of Cboe Digital Exchange Rules, at the time, place and in the manner it designates. The Chief Regulatory Officer may also delegate such authority to staff of the Market Regulation Department.

### **RULE 210. [Reserved]**

### **RULE 211. Additional Board Committees and Exchange Panels**

- (a) In addition to the standing committees, the Board may from time to time constitute and appoint, in accordance with the Operating Agreement, special committees of the Board and designate their

composition, responsibilities and powers. Each member of such special committees must be a Director and at least 35% of the members shall be Public Directors.

- (b) The Exchange may create panels of the Exchange, for such purposes as may from time to time be necessary or advisable. Members of each such panel may be Directors, Trading Privilege Holders (if individuals) or any of a Trading Privilege Holder's Related Parties (if an entity) or such other individuals as may be qualified to serve on such panel.
- (c) Except as otherwise specifically provided in the Rules, the members of any additional committee or panel shall be appointed as determined by the Board. The Board shall designate the chairperson of such additional committee or panel.
- (d) Each additional committee or panel shall assist in the supervision, management and control of the affairs of the Exchange within its particular area of responsibility.
- (e) Subject to the authority of the Board, each additional committee or panel shall determine the manner and form in which its proceedings shall be conducted. Each additional committee or panel may act only by the decision of an absolute majority in number of the members of such committee or panel, either by vote at a meeting or by unanimous written consent without a meeting.

## **RULE 212. Emergency Rules**

- (a) During an Emergency, the Board may implement temporary emergency procedures and rules ("Emergency Rules"), subject to the applicable provisions of the CEA and CFTC Regulations.

Emergency Rules may require or authorize the Exchange, the Board, any committee of the Board, the President, or any other Officer to take actions necessary or appropriate to respond to the Emergency, including, but not limited to, the following actions:

- (1) suspending or curtailing trading or limiting trading to liquidation only (in whole or in part);
  - (2) extending or shortening the last trading date for Contracts;
  - (3) providing alternative settlement mechanisms;
  - (4) ordering the liquidation of Contracts, the fixing of a Settlement Price, or the reduction of positions;
  - (5) extending, limiting or changing the Trading Hours;
  - (6) temporarily modifying or suspending any provision of the Cboe Digital Exchange Rules or Obligations;
  - (7) requiring Trading Privilege Holders to meet special margin requirements;
  - (8) imposing or modifying price limits; and/or
  - (9) imposing or modifying position limits.
- (b) Before any Emergency Rule may be adopted and enforced, a required vote of the Board must approve the enforcement of such Emergency Rule at a duly convened meeting. Directors may attend such a

meeting by teleconference. If the Chief Executive Officer determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the Chief Executive Officer shall have the authority, without Board action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. In such circumstances, the Chief Executive Officer must convene a meeting as soon as practicable.

- (c) Whenever the Exchange, the Board, any committee of the Board, or the Chief Executive Officer takes actions necessary or appropriate to respond to an Emergency, a duly appointed representative of the Exchange, where possible, will post an announcement in an Exchange Notice. When the Board, any committee of the Board or the Chief Executive Officer determines that the Emergency has been reduced sufficiently to allow the Exchange to resume normal functioning, any such actions responding to an Emergency will be terminated.
- (d) The Exchange will use reasonable efforts to notify the CFTC prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, the Exchange will notify the CFTC as soon as possible or reasonably practicable, but in all cases such notification will take place no later than twenty-four hours after the implementation, modification, or termination of an Emergency Rule. Notwithstanding the foregoing, the Exchange will certify any Emergency Rule to the Commission.
- (e) Upon taking any action in response to an Emergency, the Exchange will document the decision-making process related to such action. Such documentation will be kept for at least five years following the date on which the Emergency ceases to exist or to affect the Exchange, and all such documentation will be provided to the CFTC upon request.

### **RULE 213. Conflicts of Interest and Misuse of Material Non-Public Information**

- (a) No Director, Officer, Disciplinary Panel member or other Person authorized to exercise the Exchange's authority concerning any inquiry, investigation, disciplinary proceeding or any appeal from a disciplinary proceeding, summary suspension, other summary actions, "disciplinary committee" or "oversight panel" (both as defined in Commission Regulation § 1.69) (any such action, an "Exchange Proceeding" and, collectively, "Exchange Proceedings"), significant action, or Emergency action taken pursuant to Rule 212 (each such Exchange Proceeding or Emergency action, a "Self-Regulatory Action") will knowingly participate in such body's deliberations or voting in any matter involving a Self-Regulatory Action where such member has a "material conflict of interest" (each, an "Interested Person"), except as described in Rule 213(d). For purposes of this Section 213(a), the term "significant action" means (1) any action or Rule change that addresses a specific Emergency or (1) any change in margin level that is designed to respond to extraordinary market conditions or that otherwise is likely to have a substantial effect on prices in any Contract.
- (b) For purposes of Rule 213(a), a "material conflict of interest" means a Director, Officer, Disciplinary Panel Member or other Person:



- (1) being named as a respondent or potential respondent in the Self-Regulatory Action;
- (2) being an employer, employee, fellow employee or an Affiliate of a respondent or potential respondent in the Self-Regulatory Action;
- (3) having any significant, ongoing business relationship with a respondent or potential respondent in the Self-Regulatory Action, excluding relationships limited to executing Contracts opposite each other or to clearing Contracts through the same Clearing Member;
- (4) having a family relationship with a respondent or potential respondent in a Self-Regulatory Action (including the individual's spouse, domestic partner, cohabitator, former spouse, parent, step-parent, child, step-child, sibling, step-brother, step-sister, grandparent, grandchild, uncle, aunt, nephew, niece, father-in-law, mother-in-law, brother-in-law or sister-in-law);
- (5) having a direct and substantial financial interest in the result of the deliberations or vote based upon either exchange or non-exchange positions (as referenced in Section § 1.69 of the CFTC Regulations), other than a direct or indirect equity or other interest in CDIH, that could reasonably be expected to be affected by the action, as determined pursuant to Rule 213(c)(2) below. A direct and substantial financial interest includes positions in Contracts in accounts of, controlled by, or affiliated with the Interested Person or in any other types of direct and substantial financial positions of the Interested Person that are reasonably expected to be affected by the deliberations or vote; and/or
- (6) any other circumstance that gives rise to a conflict between the Director's, Officer's, Disciplinary Panel Member's or Other Person's exercise of authority concerning any Self-Regulatory Action and his or her personal interests.

(c) Disclosure, Procedure, and Determination

- (1) Prior to consideration of any Self-Regulatory Action, each member of the deliberating body who chooses to participate in any deliberations or vote will disclose to the Chief Regulatory Officer whether such member has one of the relationships listed in Rule 213(b) above.
- (2) In addition to the information set forth in Rule 213(c)(1) above, for any matter involving the relationship set forth in Rule 213(b)(5), each member of the deliberating body who chooses to participate in any deliberations or vote will disclose to the Chief Regulatory Officer position information (including information regarding positions held by such member, positions held by individuals of such member's family and positions held by a firm with which such member is affiliated) that is known to such member with respect to any particular month or months that are under consideration, and any other positions which the deliberating body reasonably expects could be affected by the significant action, as follows:
  - i. gross positions held at the Exchange in such member's personal accounts or "controlled accounts," as defined in Commission Regulation § 1.3;
  - ii. gross positions held at the Exchange in proprietary accounts, as defined in Commission Regulation § 1.17(b)(3), at such member's affiliated firm;

- iii. gross positions held at the Exchange in accounts in which such member is a principal, as defined in Commission Regulation § 3.1(a);
- iv. net positions held at the Exchange in Customer accounts, as defined in Commission Regulation § 1.17(b)(2), at such member's affiliated firm; and
- v. any other types of positions, whether maintained at the Exchange or elsewhere, held in such member's personal accounts or the proprietary accounts of such member's affiliated firm, that the Exchange reasonably expects could be affected by the significant action.

(3) The Chief Regulatory Officer will determine whether any member of the relevant deliberating body who chooses to participate in any deliberations or vote in a Self-Regulatory Action is subject to a conflicts restriction under this Rule 213(a).

a. For any matter involving the relationships listed in Rule 213(b) above, such determination will be based upon a review of the following information:

- i. information provided by such member pursuant to Rule 213(c)(1); and
- ii. any other source of information that is held by and reasonably available to the Exchange.

b. In addition to the review of the information set forth in Rule 213(c)(3) above, for any matter involving the relationship set forth in Rule 213(b)(5), such determination will be based upon a review of the following information:

- i. the most recent large trader reports and clearing records available to the Exchange;
- ii. information provided pursuant to Rule 213(c)(2); and,
- iii. any other source of information that is held by and reasonably available to the Exchange taking into consideration the exigency of the significant action being contemplated.

(d) Any Interested Person who would be required otherwise to abstain from deliberations and voting pursuant to Rule 213(a) as a result of having a direct and substantial financial interest in the result of the deliberations and vote may participate in deliberations, prior to a vote on the matter, if the deliberating body, after considering the factors specified below, determines that such participation would be consistent with the public interest; provided however, that before reaching any such determination, the deliberating body will fully consider the position information specified in Rule 213(c)(2) above which is the basis of such member's substantial financial interest in the Self-Regulatory Action that is being contemplated. In making its determination, the deliberating body will consider:

- (1) whether such member's participation in the deliberations is necessary to achieve a quorum; and;
- (2) whether such member has unique or special expertise, knowledge or experience in the matter being considered.

(e) The minutes of any meeting to which the conflicts determination procedures set forth in this Rule 213 apply will reflect the following information:

- (1) the names of all members of the relevant deliberating body who attended such meeting in person or who otherwise participated in such meeting
  - (2) the name of any member of the relevant deliberating body who voluntarily recused himself or herself or was required to abstain from deliberations or voting on a matter and the reason for the recusal or abstention, if stated;
  - (3) information on the position information that was reviewed for each member of the relevant deliberating body; and
  - (4) any determination made in accordance with Rule 213(d) above.
- (f) If a determination is made that all Directors are Interested Persons with respect to a matter subject to a vote by the Board, the Chief Executive Officer will appoint a panel of individuals who are not Interested Persons with respect to such matter, which will have the same authority and powers over such matter that the Board would have if the Directors were not Interested Persons with respect to such matter.
- (g) No Director, Officer or member of any committee or panel established by the Board shall use or disclose for any purpose other than the performance of his or her official duties and responsibilities as a Director, Officer or committee or panel member any material, non-public information obtained as a result of the individual's duties and responsibilities as a Director, Officer or committee or panel member. No Director, Officer or committee or panel member shall, directly or indirectly, disclose or use at any time, either during his or her association with the Exchange or thereafter, any confidential information of which the Board member or committee or panel member becomes aware. Each Director, Officer or committee or panel member in possession of confidential information shall take all appropriate steps to safeguard the information and to protect it against disclosure, misuse, espionage, loss and theft.
- (h) Notwithstanding Rule 213(g), a Director, Officer or committee or panel member may disclose confidential information if required by law or a court order to be revealed to the United States Department of Justice or the CFTC.
- (i) For the purposes of Rule 213(g), the terms "material information" and "nonpublic information" shall each have the meaning set forth in CFTC Regulation § 1.59(a).

#### **RULE 214. Maintenance of Books and Records by the Exchange**

- (a) The Exchange shall keep, or cause to be kept, complete and accurate books and records of accounts of the Exchange, including, without limitation, all books and records required to be maintained pursuant to Applicable Law.
- (b) The Exchange shall retain all such books and records for at least five (5) years, and shall make such books and records readily accessible for inspection by the CFTC and the United States Department of Justice during the first two (2) years of such five-year period.

## **RULE 215. Information-Sharing Agreements**

- (a) The Exchange may enter into information-sharing agreements or other arrangements or procedures to coordinate surveillance with other markets on which financial instruments related to the Contracts trade. As part of any information-sharing agreements or other arrangements or procedures adopted pursuant to this Rule, the Exchange may:
- (1) provide market surveillance reports to other markets;
  - (2) share information and documents concerning current and former Trading Privilege Holders with other markets;
  - (3) share information and documents concerning ongoing and completed investigations with other markets; and/or
  - (4) require its current or former Trading Privilege Holders to provide information and documents to the Exchange at the request of other markets with which the Exchange has an information-sharing agreement or other arrangements or procedures.
- (b) The Exchange may enter into any arrangement with any Person or body (including, without limitation, the CFTC, NFA, any Self-Regulatory Organization, any exchange, market, or clearing organization, foreign regulatory authority, the Joint Audit Committee, or the Joint Compliance Committee) if the Exchange considers such arrangement to be in furtherance of the Exchange's purpose or duties under the Rules or any law or regulation.
- (c) The Exchange may disclose to any Person or entity information concerning or associated with a Trading Privilege Holder or other Person that the Exchange believes is necessary and appropriate in exercising a legal or regulatory function, whether or not a formal arrangement governing the disclosure exists or a request for information was made.

## **RULE 216. [Reserved]**

## **RULE 217. Services Agreement with a Technology Services Provider**

- (a) The Exchange may contract with Technology Services Provider(s) to provide certain technology services to the Exchange pursuant to a Technology Services Agreement. In accordance with a Technology Services Agreement, a Technology Services Provider may perform certain functions under the Cboe Digital Exchange Rules and the Exchange may provide information to the Technology Services Provider in connection with the performance by the Technology Services Provider of those functions. The Exchange conducts reviews to verify that the Technology Services Provider is performing certain technology services to the Exchange pursuant to a Technology Services Agreement.
- (b) The Exchange shall retain ultimate decision-making authority with respect to any functions that are contracted to a Technology Services Provider.

## **CHAPTER 3: PARTICIPANTS**

### **RULE 301. Criteria for Becoming a Trading Privilege Holder**

(a) To be eligible for admission as a Trading Privilege Holder, an applicant must demonstrate to the satisfaction of the Exchange that it:

- (1) is of good reputation and business integrity;
- (2) maintains adequate financial resources and credit;
- (3) is of the age of majority in the individual's state of residence (if an individual);
- (4) if the Trading Privilege Holder is an entity, that it is validly organized, in good standing, and authorized by its governing body and, if relevant, documents of organization, to trade Contracts (if an entity);
- (5) is not prohibited from using the services of the Exchange for any reason whatsoever;
- (6) to the extent required by Applicable Law, be registered or otherwise permitted by the appropriate regulatory body or bodies to conduct business on the Exchange;
- (7) meets the minimum financial standards required under Applicable Law, including, but not limited to the requirements set forth in CFTC Regulation § 1.17 for any Introducing Broker or Futures Commission Merchant, or Associated Person registration, as applicable;
- (8) is not subject to statutory disqualification under Section 8a(2) of the CEA;
- (9) be guaranteed by a Clearing Member in the manner described in Rule 912; and
- (10) satisfies any other criteria that the Exchange may require from a Trading Privilege Holder.

(b) Once admitted, the Trading Privilege Holder shall continue to comply with all applicable eligibility criteria in Rule 301(a). The Exchange evaluates and monitors a Trading Privilege Holder's compliance with the criteria set forth in this Rule 301.

(c) Cboe Digital may restrict, suspend or terminate a Trading Privilege Holder's access to Cboe Digital or the Cboe Digital Trading System at the direction of the Clearing Member or the Clearing House. The Exchange will provide a Clearing Member with and require a Clearing Member to use pre-trade controls that enable the Clearing Member to implement appropriate financial risk limits for its non-Clearing Member Trading Privilege Holders.

### **RULE 302. Trading Privilege Holder Application Process**

(a) Any Person who desires to become a Trading Privilege Holder shall:

- (1) enter into all required Participant Documentation applicable to Trading Privilege Holders;
- (2) enter into any and all required agreements, consent and representations required by the Clearing House, if applicable;
- (3) agree in writing to abide by the Rules and Applicable Law;

(6) provide such information and documentation as may be requested by the Exchange, and follow the procedures established by the Exchange for admission; and,

(4) in accordance with CFTC Regulation §15.05, the Exchange will serve as an agent of a foreign Futures Trading Privilege Holder, or a Customer of a foreign Futures Trading Privilege Holder for whom transactions were executed, for purposes of accepting delivery and service of any communication issued by or on behalf of the CFTC to the foreign Futures Trading Privilege Holder, or a Customer of the foreign Futures Trading Privilege Holder, in each case with respect to any transactions executed by the foreign Futures Trading Privilege Holder on the Exchange.

(b) In considering an application from a potential Trading Privilege Holder, the Exchange may require additional information from the applicant, and conduct an investigation in a form and manner determined by the Exchange to verify information submitted by the applicant, including conducting an investigation into any applicant; any executive officers, authorized signatories or administrators of an applicant; and any executive officers, authorized signatories or administrators added by a Trading Privilege Holder subsequent to being approved as a Trading Privilege Holder. Each applicant shall promptly update the application materials if any of the information provided therein becomes inaccurate or incomplete after the date of submission and prior to any approval of the application.

(c) If the Exchange decides to admit an applicant as a Trading Privilege Holder, it shall promptly notify the applicant and state in such notice the date on which the applicant shall become a Trading Privilege Holder.

(d) Admission as a Trading Privilege Holder only entitles the Trading Privilege Holder to applicable Trading Privileges and does not confer any right of ownership in, or right to attend or vote at meetings of the Exchange, or right to share in the profits of the Exchange. A Trading Privilege Holder may not transfer or assign its status as a Trading Privilege Holder without the prior written consent of the Exchange, and any purported transfer or assignment without the Exchange's prior consent is not binding on the Exchange.

(e) All rights and privileges of a Trading Privilege Holder terminate upon, and all obligations of a Trading Privilege Holder shall survive, the death or incapacity of the Trading Privilege Holder (if an individual) or the dissolution of the Trading Privilege Holder (if an entity). (f) In addition, the Exchange may deny, condition, or terminate the grant of Trading Privileges, or may prevent a Person from becoming associated (or may condition or terminate an association) with a Trading Privilege Holder as a Related Party for the same reasons for which the NFA may deny or revoke registration of a futures commission merchant or if such Person:

(1) is unable to satisfactorily demonstrate its ability to satisfy the eligibility criteria to become or remain a Trading Privilege Holder;

(2) is unable to satisfactorily demonstrate its capacity to adhere to all applicable Rules, including those concerning record-keeping, reporting, finance and trading procedures;

(3) is subject to any statutory disqualification (unless an appropriate disqualification has been obtained thereto);

violates any agreement with the Exchange

(4) would bring the Exchange into disrepute as determined by the Exchange in its sole discretion; or,

(5) for such other cause as the Exchange may reasonably determine.

(f) If the Exchange decides to decline or condition an application for admission as a Trading Privilege Holder, or terminate a Person's status as a Trading Privilege Holder, the Exchange shall promptly notify such Person (the "Affected Person") thereof in a writing sent to the address provided by the applicant in the Exchange application form or maintained in the Exchange registry of Trading Privilege Holder. Such Affected Person may, within seven (7) calendar days, request in writing that the Exchange provide the reasons for the denial, conditioning or termination of Trading Privilege Holder status. Within fourteen (14) calendar days after receiving such written request, the Exchange shall send a written response to the Affected Person setting forth the reasons for the denial, conditioning or termination. Within fourteen (14) calendar days of receiving the Exchange's written response, the Affected Person may request in writing that Board reconsider the determination.

(g) Within twenty-eight (28) calendar days of receiving either the request for reconsideration, the Board shall either confirm, reverse or modify the denial, conditioning or termination of the Affected Person as a Trading Privilege Holder, and shall promptly notify the Affected Person accordingly in writing. The Board may, within its discretion, schedule a hearing (in-person or by teleconference); request additional information from the Affected Person; or, establish any other process that it believes is necessary and appropriate to consider the request for reconsideration.

(h) The Board's decision is the final action of the Exchange and is not subject to appeal within the Exchange.

### **RULE 303. Participants**

(a) A Participant must execute any applicable Participant Documentation as required from time to time by the Exchange, and such Participant Documentation must remain in effect for the Participant to maintain its access to or relationship with (e.g., a customer account established through an intermediary) the Exchange.

### **RULE 304. Limitations on Access to the Cboe Digital Trading System**

(a) No Person other than a Trading Privilege Holder and its Authorized Traders may have direct electronic access to the Cboe Digital Trading System. A Clearing Member must authorize its Trading Privilege Holder clients to access the Exchange directly by assigning a unique FIX session to each of its Trading Privilege Holder clients. A Clearing Member may assign multiple unique FIX sessions to a Trading Privilege Holder client. A FIX session assigned to a Trading Privilege Holder may be linked to any or all of the Trading Permit Holder's accounts at the Clearing Member. A unique FIX session may not be used by more than one Trading Privilege Holder and the Clearing Member is responsible for monitoring the use of the FIX sessions assigned to its Trading Privilege Holder clients. Pursuant to Exchange specifications, each unique FIX session will automatically provide on each message submitted through such FIX session a Clearing Member ID and Firm ID (of the Trading Privilege Holder).

(b) The Exchange may at any time revoke, suspend, limit, condition, restrict or qualify a Trading Privilege Holder's Trading Privileges and/or a Participant's ability to access the Cboe Digital Trading System, if in the sole discretion of the Exchange, such action is in the best interests of the Exchange. Specifically, the Exchange may revoke, suspend, limit, condition, restrict or qualify a Trading Privilege Holder's Trading Privileges and/or a Participant's ability to access the Cboe Digital Trading System, if the Participant fails to meet the applicable criteria set forth in this Chapter 3 or the Participant Documentation.

(c) A Clearing Member may at any time revoke the authorization of any Trading Privilege Holder guaranteed by it with or without prior notice to such Trading Privilege Holder. For purposes of the relationship between the relevant Clearing Member and the Exchange, and the obligations of such Clearing Member to the Exchange, any such revocation shall become effective upon the receipt of written notice thereof by the Exchange. Upon such receipt, the Trading Privileges of the Trading Privilege Holder subject thereto shall be automatically terminated, and such Trading Privilege Holder must obtain another guarantee from a Clearing Member before its Trading Privileges will be reinstated.

### **RULE 305. Dues, Assessments and Fees**

(a) The Exchange shall have the authority to set the amounts and times of payment for any dues, assessments or fees (including Cboe Digital Trading System fees, clearing fees, brokerage and/or any transaction surcharges) to be paid by Trading Privilege Holders.

(b) Each Trading Privilege Holder agrees to pay such dues, assessments, and fees as are published by the Exchange in an Exchange Notice, on the Exchange's website or as otherwise agreed between the Exchange and a Trading Privilege Holder. Each Trading Privilege Holder agrees to pay such dues, assessments, and fees when due.

(c) If a Trading Privilege Holder fails to pay when due any such dues, assessments or fees levied on such Trading Privilege Holder, and such payment obligation remains unsatisfied for thirty days after its due date, the Exchange may suspend, revoke, limit, condition, restrict or qualify the Trading Privilege Holder's Trading Privileges and/or ability to otherwise access the Cboe Digital Trading System as it deems necessary or appropriate.

(d) Any Participant that has been determined by the Exchange to be a Founding Owner or Liquidity Provider, is hereby granted the "Privileges of Membership," for purposes of NFA Bylaw 1301. A Participant with the "Privileges of Membership" shall not be responsible for FCM Assessments to NFA as set forth in NFA Bylaw 1301(b).

### **RULE 306. Authorized Traders**

(a) Each Trading Privilege Holder who is not a natural Person shall designate one or more Authorized Trader(s), who will be responsible for Exchange Activity conducted on behalf of the Trading Privilege Holder. An Authorized Trader may also be a Trading Privilege Holder in an individual capacity, but may not knowingly act as a counterparty in any capacity to any Order that it has placed as an Authorized Trader on behalf of another Trading Privilege Holder or its individual capacity.



(b) By agreeing to become an Authorized Trader, an individual agrees to be bound by the duties and responsibilities of an Authorized Trader and to be subject to, and comply with, the Cboe Digital Exchange Rules and Obligations. Among other duties and responsibilities that the Exchange may impose, an Authorized Trader must:

- (1) enter into the applicable Participant Documentation;
- (2) if applicable, agree to effect transactions for the account of a Customer in Contracts via the Cboe Digital Trading System
- (3) have the authority, at the Exchange's request, to adjust or withdraw any Order submitted under any user ID assigned to the Authorized Trader;
- (4) ensure that any Exchange Activity conducted under any user ID assigned to the Authorized Trader complies with all Cboe Digital Exchange Rules and Obligations; And
- (5) must have and maintain during all necessary regulatory approvals and licenses to operate as an Authorized Trader on Cboe Digital Exchange, including any Introducing Broker, Futures Commission Merchant, or Associated Person registrations, and compliance with the minimum financial standards required under Applicable Law as applicable.

(c) To designate an Authorized Trader, a Trading Privilege Holder must follow the procedures established by the Exchange. The Exchange may establish criteria that individuals must fulfill to become an Authorized Trader.

(d) The Exchange will promptly notify a Trading Privilege Holder in writing of the approval of designated Authorized Trader(s) or if the Exchange declines to approve the nomination of an Authorized Trader.

(e) The Exchange will maintain a list of all designated Authorized Traders for each Trading Privilege Holder.

(f) The Exchange may, in its sole discretion revoke or suspend the designation of an individual as Authorized Trader and shall promptly notify the Trading Privilege Holder of such action.

(g) To request the termination of the designation of an individual as Authorized Trader, a Trading Privilege Holder must follow the procedures established by the Exchange. The Exchange may, in its sole discretion, refuse to accept a request to terminate the registration of an Authorized Trader or may postpone the effective date of the termination of registration if the Exchange considers it necessary for the protection of Participants or in the Exchange's best interest. Based on the information provided to, and other information gathered by, the Exchange regarding the request to terminate the registration of an Authorized Trader, the Exchange will determine whether to:

- (1) accept the request to terminate the designation
- (2) postpone the effective date of termination of the designation, or
- (3) impose any terms or conditions before or after the effective date of termination of the designation.

## **RULE 307. Authorized Representatives**

- (a) Each Trading Privilege Holder shall designate an Authorized Representative(s) who will represent the Trading Privilege Holder before the Exchange and its committees and receive notices on behalf of the Trading Privilege Holder .
- (b) The Authorized Representative shall be empowered by the Trading Privilege Holder, to act on its behalf and the Exchange shall be entitled to rely on the actions of the Authorized Representative as binding on the Trading Privilege Holder.
- (c) Each Trading Privilege Holder must provide the Exchange with current contact and other requested information for each of its Authorized Representatives so that the Exchange is able to immediately contact the Authorized Representatives.

## **RULE 308. Recording of Communications**

The Exchange may record conversations and retain copies of electronic communications between Exchange Officials, and Trading Privilege Holders, their Authorized Traders, Related Parties or other agents. Any such recordings may be retained by the Exchange in such manner and for such periods of time as the Exchange may deem necessary or appropriate. The Exchange will retain such recording in compliance with Applicable Law, including CFTC Regulations.

## **RULE 309. Exchange Notices**

- (a) The Exchange shall publish a notice with respect to each amendment, modification, clarification, or interpretation of, the Cboe Digital Exchange Rules or of any action to implement any Cboe Digital Exchange Rules on the Exchange's website or via an electronic mail distribution to enable each Trading Privilege Holder and Participant, as applicable, to become aware of and familiar with, and to implement any necessary preparatory measures to be taken by it with respect to, such addition or modification, prior to the effective date thereof (each an "Exchange Notice"); provided however that any failure by the Exchange to publish an Exchange Notice shall not affect the effectiveness of the amendment, modification, clarification or interpretation of Exchange Rules.
- (b) Any Exchange Notice shall also be deemed to have been made to all Authorized Traders and Related Parties.

## **RULE 310. Communications between the Exchange and Trading Privilege Holders**

- (a) Each Trading Privilege Holder must provide the Exchange with its current electronic mail address and telephone number and the electronic mail address and telephone number of its Authorized Representative and Authorized Traders and immediately (and in any event within 24 hours) update this information whenever it changes.

- (b) All communications between the Exchange and the Trading Privilege Holder will be transmitted by electronic mail and/or posted on the Exchange's website, except as otherwise specified by the Exchange.
- (c) The Trading Privilege Holder shall be responsible for conveying such communications to all Authorized Traders and Related Parties.
- (d) Each Trading Privilege Holder will be responsible for promptly reviewing and, if necessary, responding to all electronic communications from the Exchange to the Trading Privilege Holder or any of its Authorized Traders or its Related Parties.
- (e) All communications made to Trading Privilege Holders shall also be deemed to have been made to all Authorized Traders and Related Parties.

### **RULE 311. [Reserved]**

### **RULE 312. Description of Trading Privilege Holder's Status**

A Trading Privilege Holder shall ensure that the form, content and context of any description of the Trading Privilege Holder's status on the Exchange to Customers is not inconsistent with, and does not misrepresent, the Trading Privilege Holder's capacity on the Exchange under the Cboe Digital Exchange Rules or the Trading Privilege Holder's registration under any Applicable Law.

### **RULE 313. Withdrawal of a Trading Privilege Holder**

- (a) To withdraw from the Exchange, a Trading Privilege Holder must notify the Exchange and follow the procedures that may be established by the Exchange.
- (b) The Exchange may, in its reasonable discretion, refuse to accept a Trading Privilege Holder's withdrawal request or may postpone the effective date of withdrawal of a Trading Privilege Holder if the Exchange considers it necessary for the protection of other Trading Privilege Holders or otherwise in the interests of the Exchange.
- (c) Based on the information provided to, and other information gathered by, the Exchange regarding a Trading Privilege Holder's withdrawal request, the Exchange will determine whether to (i) accept the withdrawal request; (ii) postpone the effective date of the withdrawal; or (iii) impose any terms or conditions before or after the effective date of withdrawal.
- (d) If the Exchange refuses to accept a Trading Privilege Holder's withdrawal request or postpones the effective date of withdrawal of a Trading Privilege Holder, the Exchange may waive the obligation to pay some or all of the fees, costs and charges that the Exchange would have imposed during the period after the date on which the requested withdrawal would have otherwise taken effect.

- (e) When the Exchange accepts the withdrawal of a Trading Privilege Holder, all rights and privileges of such Trading Privilege Holder will terminate (including, without limitation, the Trading Privileges and ability to access the Cboe Digital Trading System). The accepted withdrawal of a Trading Privilege Holder shall not affect the rights of the Exchange under the Cboe Digital Exchange Rules or relieve the withdrawn Trading Privilege Holder of its Obligations under the Cboe Digital Exchange Rules, to perform on all contracts involving any Contracts entered into by such Trading Privilege Holder, or to pay any Exchange fees, costs, or charges incurred, before the withdrawal. Notwithstanding the accepted withdrawal of a Trading Privilege Holder, the withdrawn Trading Privilege Holder remains subject to the Cboe Digital Exchange Rules, the Obligations and the jurisdiction of the Exchange for acts done and omissions made while a Trading Privilege Holder, and must cooperate in any Exchange Proceeding under Chapter 7 as if the withdrawn Trading Privilege Holder were still a Trading Privilege Holder.

### **RULE 314. Application of Rules and Consent to Exchange Jurisdiction**

- (a) By accessing, or entering any Order into the Cboe Digital Trading System, and without any need for any further action, undertaking or agreement, a Trading Privilege Holder, including any of its Authorized Traders and Related Parties agree:
- (1) to be bound by, and comply with, the Cboe Digital Exchange Rules and Obligations, the Clearing House Rules, and Applicable Law, in each case to the extent applicable to it;
  - (2) to become subject to the jurisdiction of the Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Person; and
  - (3) to assist the Exchange and Clearing House in complying with their legal and regulatory obligations, cooperate with the Exchange, Clearing House, and the CFTC in any inquiry, investigation, audit, examination or proceeding, and authorizes the Exchange and Clearing House to provide information regarding it to the CFTC or any other governmental or Self-Regulatory Organization.
- (b) Any Trading Privilege Holder whose Trading Privileges or ability to otherwise access the Cboe Digital Trading System are revoked or terminated shall remain bound by the Cboe Digital Exchange Rules, the Clearing House Rules, and Applicable Law, in each case to the extent applicable to it, and subject to the jurisdiction of the Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Trading Privilege Holder prior to such revocation or termination.
- (c) An Authorized Trader who is suspended for any period remains subject to the Cboe Digital Exchange Rules, the Obligations and the Exchange's jurisdiction throughout the period of suspension. After revocation or termination of the designation of an Authorized Trader, the Authorized Trader remains subject to the Cboe Digital Exchange Rules, the Obligations and the jurisdiction of the Exchange for acts done and omissions made while registered as an Authorized Trader. Any Exchange proceeding relating to an Authorized Trader shall occur as if the Authorized Trader were still registered as such.
- (d) Any Person initiating or executing a transaction on or subject to the Rules of the Exchange directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of the Exchange and agrees to be bound by and comply with the Rules of the Exchange in relation to such transactions, including, but not limited to, rules

requiring cooperation and participation in investigatory and disciplinary processes. Any futures commission merchant, broker-dealer, introducing broker, associated person, or foreign Person performing a similar role, that charges a commission or fee in connection with a transaction on or subject to the rules of the Exchange also expressly consents to the Exchange's jurisdiction. Any Person subject to this Rule 314(d) shall be referred to as a "Participant".

(e) Any Participant that is not a Trading Privilege Holder or Related Party is bound by and required to comply with the following Rules of the Exchange for purposes of Rule 314(d) to the same extent that a Trading Privilege Holder or Related Party is bound by and required to comply with those Rules of the Exchange: Rules 535(d)(iii)-(iv), 305, 304, 314, 308, 309, 502, 503, , 101 (Orders and Order Qualifiers), 534, 538, 1003, 516, 530, 531, 532, 601, 602, 603, 212, 536, 908, 409(c), 505, 506, 508, 512, 510, 504, 513(b), 519, 520, 518, 5121, 525, 522, 523, 507, 514, and 509, Chapter 7, Chapter 8, Chapter 11, Rule 904, any applicable Exchange Policy and Procedures and the Exchange Fee Schedule.

(f) For the avoidance of doubt:

(1) Every Authorized Reporter for EDRP transactions and Block Trades shall be deemed a Participant.

(2) A Participant is bound by and required to comply with the Rules of the Exchange set forth in Rule 314(e) to the same extent that a Trading Privilege Holder or Related Party is bound by and required to comply with those provisions regardless of whether or not those provisions reference Participants.

(g) A Trading Privilege Holder or Participant remains obligated to comply with the Rules of the Exchange, the Rules of the Clearing House and Applicable Law, in each case to the extent applicable to that party, regardless of any use of a third party to assist the Trading Privilege Holder or Participant with that compliance and regardless of any non-performance by the third party in providing that assistance.

## **RULE 315. EEA Retail Investors**

No Trading Privilege Holder shall offer, sell or arrange a transaction in a Contract for, on behalf of, or with an EEA Retail Investor, or otherwise make a Contract available to an EEA Retail Investor, unless: (1) a key information document ("KID") has been produced for the Contract by the Exchange in accordance with the requirements of Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products; and (2) the KID has been provided to the EEA Retail Investor by the intermediary accepting the order from, or clearing the transaction on behalf of, the EEA Retail Investor.

## CHAPTER 4: OBLIGATIONS OF TRADING PRIVILEGE HOLDERS

### RULE 401. Duties and Responsibilities of Trading Privilege Holders

- (a) Each Trading Privilege Holder shall (and shall cause all of its Authorized Traders and Related Parties):
- (1) use the Cboe Digital Trading System in a responsible manner and not for any improper purpose;
  - (2) use the Cboe Digital Trading System only to conduct Exchange Activity;
  - (3) conduct all Exchange Activity in a manner consistent with the Cboe Digital Exchange Rules and Obligations, and Applicable Law;
  - (4) comply with all Cboe Digital Exchange Rules and Obligations and act in a manner consistent with the Cboe Digital Exchange Rules and Obligations;
  - (5) comply with all Clearing House Rules, to the extent applicable to it, and act in a manner consistent with the Clearing House Rules, to the extent applicable;
  - (6) comply with all NFA Rules, to the extent applicable to it, and act in a manner consistent with the NFA Rules, to the extent applicable;
  - (7) observe high standards of integrity, market conduct, commercial honor, fair dealing, and just and equitable principles of trade while conducting or attempting to conduct any Exchange Activity, or any aspect of any business connected with or concerning the Exchange;
  - (8) not knowingly mislead or conceal any material fact or matter in any dealings or filings with the Exchange or in response to any Exchange Proceeding;
  - (9) keep any User IDs, account numbers and passwords related to the Cboe Digital Trading System confidential;
  - (10) be fully liable for: all trading losses, all Orders, all transactions in Contracts effected by Trading Privilege Holder, all transactions effected on Cboe Digital Exchange and for any use of the Cboe Digital Trading System made by Trading Privilege Holder or Trading Privilege Holder's Authorized Traders, and all trades even if the Orders received via the Cboe Digital Trading System: (1) were entered as a result of a failure in the security controls and/or credit controls, other than due to the gross negligence of Cboe Digital Exchange, or (2) were entered by an unknown or unauthorized user;
  - (11) use the Exchange's pre-trade controls that enable the Clearing Member to implement appropriate risk limits for Trading Privilege Holders ;

(12) employ practices to monitor and enforce compliance with risk limits;

(13) be responsible for promptly informing the Exchange of any material changes to the information provided to the Exchange by the Trading Privilege Holder pursuant to Rule 301; and

(14) prevent, detect, and mitigate market disruptions or system anomalies associated with the Trading Privilege Holder's electronic trading on the Exchange.

## **RULE 402. Required Disclosures to the Exchange**

(a) Each Trading Privilege Holder shall immediately notify the Exchange upon becoming aware of any of the following events:

- (1) any material change to the contact information provided to the Exchange;
- (2) any damage to, or failure or inadequacy of, the systems, facilities or equipment of the Trading Privilege Holder to effect transactions pursuant to the Cboe Digital Exchange Rules or to timely perform the Trading Privilege Holder's financial obligations under or in connection with Contracts;
- (3) any refusal of admission to, or withdrawal by the Trading Privilege Holder of any application for membership in, any Self-Regulatory Organization, designated contract market or derivatives clearing organization;
- (4) any expulsion, suspension or fine in excess of \$5,000 (whether through an adverse determination, voluntary settlement or otherwise) imposed on the Trading Privilege Holder by any Self-Regulatory Organization;
- (5) any denial or withdrawal of any application for any registration or license by or from any Governmental Agency, and any revocation, suspension or conditioning of any registration or license granted by any Governmental Agency;
- (6) the commencement of any judicial or administrative proceeding against the Trading Privilege Holder or the imposition of any fine, cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed by any Governmental Agency;
- (7) any indictment or conviction of, or any confession of guilt or plea of guilty or nolo contendere by the Trading Privilege Holder (or, if the Trading Privilege Holder is an entity, by any of its principals or senior officers) for any felony or misdemeanor involving, arising from, or related to, the purchase or sale of any commodity, Futures contract, Option, security, securities futures product or other financial instrument, or involving or arising from fraud or moral turpitude; and
- (8) the Trading Privilege Holder becoming the subject of a petition for bankruptcy;
- (9) the appointment of a receiver, trustee or administrator for the Trading Privilege Holder;
- (10) the presentment of a petition, or the passing of a resolution, for the winding-up of Trading Privilege Holder;
- (11) the commencement of proceedings for the dissolution of Trading Privilege Holder; or
- (12) the occurrence of an event of insolvency with respect to the Trading Privilege Holder.

## **RULE 403. Inspections by the Exchange**

(a) The Exchange or other appointed representatives, if any, shall have the right, in connection with determining whether all Cboe Digital Exchange Rules and Obligations are being, will be, or have been complied with by the Trading Privilege Holder, to:

- (1) inspect systems, equipment and software operated by the Trading Privilege Holder in connection with Exchange Activity, wherever located;
- (2) access the systems, equipment, software, and the premises on which the systems, equipment, and software are located, any data stored in any of the systems or equipment, during the regular business hours and the Trading Hours of the Exchange, without prior Exchange Notice; and/or
- (3) copy or reproduce any data to which the Exchange has access under this Rule.

(b) Each Trading Privilege Holder and Clearing Member shall keep all books and records required to be kept by it pursuant to the Rules of the Exchange for a period of five years from the date on which they are first prepared, unless otherwise provided in the Rules of the Exchange or required by law. Any such books and records exclusively created and maintained on paper shall be readily accessible during the first two years of that five-year period and any such electronic books and records shall be readily accessible during that entire five-year period. During such five-year period, all such books and records shall be made available for inspection by, and copies thereof shall be delivered to, the Exchange and its authorized representatives upon request in a form and manner prescribed by the Exchange and within the time frame designated by the Exchange and its authorized representatives.

#### **RULE 404. Minimum Financial and Related Reporting Requirements**

(a) Each Trading Privilege Holder which includes each Clearing Member, that is registered with any Government Agency, including the CFTC and the U.S. Securities and Exchange Commission, or a Self-Regulatory Organization shall comply with the provisions of Applicable Law relating to minimum financial and related reporting and recordkeeping requirements. Upon request by the Exchange, a Trading Privilege Holder shall produce such records related to this Rule 404(a).

(b) A copy of any notice or written report that a Trading Privilege Holder is required to file with the CFTC pursuant to CFTC Regulations §1.10 and §1.12 shall be concurrently provided to the Exchange. A Trading Privilege Holder that violates any of the aforementioned Commission Regulations shall be deemed to have violated this Rule 404.

(c) The Exchange conducts surveillance related Rule 404(a), including through its membership in the Joint Audit Committee.

(d) In addition to the minimum financial requirements that a Trading Privilege Holder or Clearing Member must satisfy in accordance with Applicable Law, each Trading Privilege Holder and Clearing Member shall be required to satisfy such minimum financial requirements, and comply with such obligations related thereto, as may be established from time to time by the Exchange.

(e) Each Trading Privilege Holder and Clearing Member must notify the Exchange immediately upon becoming aware that it fails to satisfy the minimum financial requirements applicable to it.



(f) Unless and until a Trading Privilege Holder or Clearing Member, as the case may be, is able to demonstrate to the Exchange that it is in compliance with the minimum financial requirements applicable to it, such Trading Privilege Holder or Clearing Member may not engage in any transactions subject to the Rules of the Exchange, except for the purpose of closing open positions.

#### **RULE 405. Confidentiality of Financial and Other Information**

All information and data obtained or received by the Exchange from inspections of accounting and other records, quarterly balance sheets and declarations or reports on financial condition will be treated as confidential by the Exchange; however, this Rule does not supplant Rule 213 and the Rules in Chapter 7, or any other requirement of legal process or law.

#### **RULE 406. Authority to Impose Restrictions**

Whenever a Trading Privilege Holder is subject to the early warning requirements set forth in CFTC Regulation §1.12, the Exchange may impose such conditions or restrictions on the business and operations of such Trading Privilege Holder or as the Exchange may deem necessary or appropriate for the protection of Customers, other Trading Privilege Holders, or the Exchange.

#### **RULE 407. Customers**

(a) No Trading Privilege Holder or Clearing Member (including any Person that is affiliated with such Trading Privilege Holder or Clearing Member), may solicit or accept from any other Person an Order for the purchase or sale of a Contract, unless such Trading Privilege Holder or Clearing Member, or its respective affiliated Person, as the case may be, is registered in any required capacity in accordance with Applicable Law.

(b) Any Trading Privilege Holder or Clearing Member that is required to be registered as a futures commission merchant, an introducing broker, a broker or a dealer shall comply with the provisions of Commission Regulations § 155.3, § 155.4 or § 41.42(a) or Exchange Act Regulation § 15c3-3, as applicable.

(c) In accordance with applicable requirements of the NFA (in the case of any Trading Privilege Holder or Clearing Member that is registered with the NFA), each Trading Privilege Holder or Clearing Member, as the case may be, shall provide its Customers with a written disclosure statement in the form approved by the Exchange for purposes of Commission Regulation § 1.55, § 33.7 or § 41.41(b), as applicable, and any other disclosure statement from time to time required by the Exchange.

#### **RULE 408. Treatment of Customer Funds and Securities**

Each Trading Privilege Holder that is required to be registered with any Government Agency, including the CFTC and the U.S. Securities and Exchange Commission, or Self-Regulatory Organization shall comply with the provisions of Applicable Law, including but not limited to the rules and regulations such Government

Agency imposes on a Trading Privilege Holder relating to the treatment of Customer funds and the maintenance of books and records with respect thereto. Each Clearing Member must comply with the regulations of the applicable Government Agency and the rules of the Clearing House, including, but not limited to rules related to the protection of Customer funds, including the segregation of Customer and proprietary funds, the custody of Customer funds, the investment standards for Customer funds, intermediary default procedures and related recordkeeping. This includes, but is not limited to CFTC Regulations §§ 1.20 and 1.25. Any Trading Privilege Holder that violates any of the aforementioned Clearing House Rules or other Applicable Law relating to the treatment of Customer funds and the maintenance of books and records with respect thereto shall be deemed to have violated this Rule 408.

#### **RULE 409. Books and Records**

(a) Each Trading Privilege Holder and Clearing Member shall prepare and keep current all books, ledgers and other similar records required to be kept by it pursuant to the CEA, Commission Regulations, other Applicable Law and the Rules of the Exchange, and shall prepare and keep current such other books and records and adopt such forms as the Exchange may from time to time prescribe. Such books and records shall include, without limitation, records of the activity, positions and transactions of each Trading Privilege Holder and Clearing Member in the underlying commodity or reference market and related derivatives markets in relation to a Contract. Such books and records shall be made available to the Exchange upon request in a form and manner prescribed by the Exchange and within the time frame designated by the Exchange.

(b) With respect to each Order, bid, offer or other message transmitted to the Cboe Digital Trading System by an Authorized Trader of a Trading Privilege Holder, the Trading Privilege Holder shall keep a record of which Authorized Trader of the Trading Privilege Holder caused that Order, bid, offer or other message to be transmitted to the Cboe Digital Trading System.

(c) If a Contract listed on the Exchange is settled by reference to the price of a contract or commodity traded in another venue, including a price or index derived from prices on another designated contract market, Trading Privilege Holders shall make available to the Exchange upon request in a form and manner prescribed by the Exchange and within the time frame designated by the Exchange information and their books and records regarding their activities in the reference market.

#### **RULE 410. Information Regarding Orders**

(a) The Exchange will make information regarding Orders (including prices bid or offered), trades completed on the Exchange, and any other matters it may deem appropriate (collectively, "Market Data") available at such times and in such manner (whether through the Cboe Digital Trading System, a ticker, financial information services or otherwise) as it may consider necessary or appropriate from time to time. The Exchange may require Trading Privilege Holders, financial information vendors, ISVs, extranet service providers, and other Persons that receive Market Data from the Exchange or an Exchange Affiliate to execute one or more market data, connectivity or similar agreements with the Exchange or Exchange Affiliate in a form and manner prescribed by the Exchange or Exchange Affiliate.

(b) Subject to a Participant's rights in its own data and information as between the Exchange and such Participant and except as otherwise permitted by the Exchange Rules or other agreement with the Exchange, Participants shall not sell, distribute, re-transmit, transfer, license or otherwise provide Market Data to any third party.

## CHAPTER 5: TRADING PRACTICES AND BUSINESS CONDUCT

### RULE 501. Scope

Except as set forth in Chapter 6 (Privately Negotiated Transactions) or as otherwise provided in the Cboe Digital Exchange Rules, this Chapter 5 applies to all transactions in Contracts.

### RULE 502. Procedures

- (a) With respect to trading on or through the Cboe Digital Trading System, the Exchange may adopt, without limitation, procedures relating to transactions in Contracts and trading on the Cboe Digital Trading System, including procedures to:
- (1) determine the Daily Settlement Price of a Contract;
  - (2) disseminate the prices of bids and offers on, and trades in, Contracts;
  - (3) record, and account for, Contracts and Exchange Activity;
  - (4) perform market surveillance and regulation on matters affecting Contracts and Exchange Activity;
  - (5) establish limits on the number and/or size of Orders that may be submitted by a Trading Privilege Holder through the Cboe Digital Trading System;
  - (6) establish limits on the number of Contracts that may be held by a Trading Privilege Holder or Customer;
  - (7) establish a limit on the maximum daily price fluctuations for any Contract and provide for any related restriction or suspension of trading in the Contract; and,
  - (8) require a suspended or expelled Trading Privilege Holder, or a Trading Privilege Holder with restricted trading rights, to have Contracts executed for the Trading Privilege Holder to reduce or eliminate any open position or exposure to future price changes for the Trading Privilege Holder in any Contract.
- (b) The Exchange may, in its discretion and at any time, amend any procedures adopted pursuant to Rule 502(a), and will publish the amendments in an Exchange Notice or in any other manner determined appropriate by the Exchange.

### RULE 503. Business Days and Trading Hours

- (a) The Exchange shall from time to time determine Business Days and Trading Hours. Trading Hours shall include any regular and other trading hours under the rules governing the relevant Contract and published on the Exchange website. Except to the extent expressly permitted by the Rules of the Exchange, no Trading Privilege Holder (including its Authorized Traders) shall engage in any transaction in any Contract before or after such hours.
- (b) The Exchange may modify its regular Business Days and Trading Hours to not be open for business or to have shortened trading hours in connection with a holiday or a period of mourning.

(c) The Exchange may from time to time adopt procedures for the opening or closing of trading in any Contract.

#### **RULE 504. Acts Detrimental to the Exchange; Acts Inconsistent with Just and Equitable Principles of Trade; Abusive Practices**

It shall be a violation to engage in any act detrimental to the Exchange, in conduct inconsistent with just and equitable principles of trade or in abusive practices, including without limitation, fraudulent, noncompetitive, dishonorable, dishonest or unfair actions.

#### **RULE 505. Fraudulent Acts Prohibited**

No Trading Permit Holder (or any of its Authorized Traders, Authorized Representatives, or Related Parties) shall engage or attempt to engage in any fraudulent act or engage or attempt to engage in any scheme to defraud, deceive or trick, in connection with or related to any trade on or other activity related to the Exchange or the Clearing House. Prohibited activity encompassed by this Rule in relation to any Contract may occur either directly through activity in the market for that Contract, or indirectly through activity in the market of any commodity, security, index or benchmark underlying that Contract, regardless of the exchange on or market in which the underlying is transacted.

#### **RULE 506. Fictitious Transactions Prohibited**

No Trading Privilege Holder (or any of its Authorized Traders or Related Parties) shall create fictitious transactions or execute any Order for a fictitious transaction with knowledge of its nature.

#### **RULE 507. Money Pass Prohibited**

No Trading Privilege Holder, Related Party or Participant shall prearrange the execution of transactions on the Exchange for the purpose of passing money between accounts. All transactions executed on the Exchange must be made in good faith for the purpose of executing bona fide transactions, and prearranged trades intended to effectuate a transfer of funds from one account to another are prohibited

#### **RULE 508. Market Manipulation Prohibited**

No Trading Privilege Holder, Authorized Trader Related Party or Participant shall:

- (a) attempt to manipulate or manipulate the price of any Contract, either directly by engaging in activity in the market for that Contract, or indirectly by engaging in activity in the market of any commodity, security, index or benchmark underlying that Contract, regardless of the exchange on or market in which the underlying is transacted;

(b) purchase or sell, or offer to purchase or sell, any Contract, or any underlying asset of any Contract, regardless of the exchange on or market in which the underlying is transacted, for the purpose of creating a condition in which prices of the Contract do not or will not reflect fair market values; or

(c) intentionally or recklessly use or employ, or attempt to use or employ, any manipulative device, scheme or artifice to defraud, relating to any Contract either directly by engaging in activity in the market for that Contract, or indirectly by engaging in activity in the market of any commodity, security, index or benchmark underlying that Contract, regardless of the exchange on or market in which the underlying is transacted.

### **RULE 509. Disruptive Trading Practices Prohibited**

(a) All Orders entered in the Cboe Digital Trading System must be entered for the purpose of executing bona fide transactions, and all non-actionable messages must be entered in good faith for legitimate purposes. No Trading Privilege Holder, Authorized Trader Related Party, or Participant shall engage in any trading, practice, or conduct that: (1) violates bids or offers; (2) demonstrates intentional or reckless disregard for the orderly execution of transactions; (3) is, or is of the character commonly known as, “spoofing” (bidding or offering with the intent to cancel the bid or offer before execution); (4) constitutes any other disruptive trading practice under the CEA or CFTC Regulations, including Section 4c(a)(5) of the CEA.

(b) No Person shall enter or cause to be entered an Order with the intent, at the time of entry, to cancel the Order before execution or to modify the Order to avoid execution.

(c) No Person shall enter or cause to be entered an Order with the intent, at the time of entry, to cancel the Order before execution or to modify the Order to avoid execution.

(d) No Person shall enter or cause to be entered an actionable or non-actionable message(s) with intent to mislead other market participants.

(e) No Person shall enter or cause to be entered an actionable or non-actionable message(s) with intent to overload or delay the systems of the Exchange or other market participants.

(f) No Person shall intentionally or recklessly submit or cause to be submitted an actionable or non-actionable message(s) that has the potential to disrupt the systems of the Exchange or other market participants.

(g) No Person shall enter or cause to be entered an actionable or non-actionable message(s) with intent to disrupt, or with reckless disregard for the adverse impact on, the orderly conduct of trading or the fair execution of transactions.

The provisions of this Rule apply to all market states, including the pre-opening period, the closing period, and all trading sessions.

## **RULE 510. Prohibition of Misstatements**

It shall be an offense to make any misstatement or omission of a material fact to the Exchange, any Exchange Official, the Board or any committee thereof, an Exchange panel, or or any director, officer or employee of the Exchange.

## **RULE 511. Sales Practice Rules**

Without limiting the generality of Rule 512, each Futures Trading Privilege Holder (including its Related Parties) shall comply with any and all sales practice rules (including those relating to bunched orders, opening and approval of accounts, suitability, use of discretion, supervision of accounts, risk disclosure document delivery, communications, monthly statements and confirmations, registration, qualification and continuing education, customer complaints, prohibition against guarantees and profit sharing and money laundering) from time to time promulgated by the NFA which rules are hereby incorporated by reference into this Rule 511.

## **RULE 512. Adherence to Law**

No Trading Privilege Holder (or any of its Authorized Traders or Related Parties) shall engage in conduct that is a violation of Applicable Law, the Rules of the Exchange, the Rules of the Clearing House (insofar as the Rules of the Clearing House relate to reporting or clearance of any transaction in Contracts) or any agreement with the Exchange.

## **RULE 513. Supervision**

(a) Each Trading Privilege Holder shall be responsible for establishing, maintaining and administering reasonable supervisory procedures to ensure that its Related Parties, automated trading systems and Customers comply with Applicable Law, the Cboe Digital Exchange Rules and the Clearing House Rules. Each Trading Privilege Holder shall be responsible for supervising its Related Parties and automated trading systems and may be held accountable for the actions of its Related Parties and automated trading systems.

(b) Each Participant shall supervise that Participant's activities and automated trading systems to ensure that they comply with Applicable Law, the Rules of the Exchange and the Rules of the Clearing House, in each case to the extent those provisions are applicable to Participants.

## **RULE 514. Front-Running**

No Trading Privilege Holder, Related Party or Participant shall take a position in a Contract based upon non-public information regarding an impending transaction by another Person in the same or a related Contract, or in any commodity, security, index or benchmark underlying that Contract regardless of the exchange on or market in which the underlying is transacted, unless expressly permitted by Exchange Rules.

## **RULE 515. Misuse of the Cboe Digital Trading System**

Misuse of the Cboe Digital Trading System is strictly prohibited. It shall be deemed an act detrimental to the Exchange to permit unauthorized use of the Cboe Digital Trading System, to assist any Person in obtaining unauthorized access to the Cboe Digital Trading System, to trade on the Cboe Digital Trading System without an agreement and an established account with a Clearing Member, to alter the equipment associated with the Cboe Digital Trading System (except with the Exchange's consent), to interfere with the operation of the Cboe Digital Trading System, to intercept or interfere with information provided thereby, or in any way to use the Cboe Digital Trading System in a manner contrary to the Cboe Digital Exchange Rules.

## **RULE 516. Errors and Omissions in Handling Orders**

- (a) A Trading Privilege Holder who inadvertently, through error or omission, fails to execute an Order for a Customer at the time it should have been executed may, upon discovery of such error or omission, execute such Order at the best obtainable price. Such Order shall be competitively executed and should be executed in the next available trading session for the applicable listed Contract, but in any event must be executed no later than the close of the next trading day and shall be reported to the Customer at the price at which it was actually executed. If such price is to the advantage of the Customer, the Customer shall receive the benefit thereof; if not, the Customer shall receive such monetary adjustment as will afford the Customer the equivalent of the price at which such Order should and could have been executed.
- (b) Any Clearing Member receiving such a report and adjustment with respect to an Order of a Customer shall report to such Customer the execution at the price reported to such Clearing Member and make the same monetary adjustment for the account of such Customer. Full details of all transactions consummated hereunder shall be promptly provided to the Exchange upon request.
- (c) This Rule shall not be construed to contravene any instructions received from a Customer respecting any Order prior to its execution, but shall be construed to permit execution of Orders under the conditions prescribed without prior instructions from the Customer.

## **RULE 517. Incentive Programs**

- (a) The Exchange may from time to time establish programs that provide Trading Privilege Holders with financial incentives for meeting trading volume or liquidity thresholds or for other additive or economically beneficial activity as may be established by the Exchange.
- (b) All Trading Privilege Holders are eligible to become Liquidity Providers, provided a Trading Privilege Holder meets the Liquidity Provider obligations.

## **RULE 518. Withholding Orders Prohibited**



No Trading Privilege Holder, Related Party or Participant shall withhold or withdraw from the market any Order, or any part of an Order, placed by any Customer unless expressly authorized to do so by such Customer.

### **RULE 519. Priority of Customers' Orders**

(a) No Trading Privilege Holder, Related Party or Participant shall buy (sell) a Contract for its a personal or proprietary account or for an account in which it has a proprietary interest when such Trading Privilege Holder, Related Party or Participant has in hand an Orders to buy (sell) the same Contract for any other Person at the same price or at the market price.

(b) No Trading Privilege Holder, Related Party or Participant shall execute a discretionary Order for any Contract, including, without limitation, an Order allowing discretion as to time and price, for an immediate family member or for a personal or proprietary account of any other Trading Privilege Holder, Related Party or Participant, when such Trading Privilege Holder, Related Party or Participant is in possession of any Customer Order for the same Contract open as to time and price.

(c) An Authorized Trader entering Orders into the Cboe Digital Trading System must enter all Customer Orders that the Cboe Digital Trading System is capable of accepting before entering an Order for a personal or proprietary account of such Authorized Trader or the related Trading Privilege Holder, an account in which such Authorized Trader or Trading Privilege Holder has a proprietary interest or an Order for a discretionary account, including an Order allowing such Authorized Trader or Trading Privilege Holder discretion as to time and price, for an immediate family member or for a personal or proprietary account of any other Trading Privilege Holder or Related Party.

(d) For purposes of this Rule 519, no Trading Privilege Holder or Participant that consists of more than one individual, shall be deemed to buy (sell) a Contract or execute a discretionary Order if (i) such Trading Privilege Holder or Participant has in place appropriate "firewall" or separation of function procedures and (ii) the individual buying (selling) the Contract or executing the discretionary Order in question has no direct knowledge of the Order to buy or sell the same Contract for any other Person at the same price or at the market price or of the Customer Order for the same Contract, as the case may be. Nothing in this Rule 519 shall limit the ability of an "eligible account manager" to bunch Orders in accordance with Commission Regulation § 1.35(b)(5).

### **RULE 520. Handling of Customer Orders**

(a) General Prohibition - No Trading Privilege Holder, Related Party or Participant in possession of a Customer Order shall knowingly take, directly or indirectly, the opposite side of such Order for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority.

(b) Exceptions - The foregoing restriction shall not apply to the following:

- (1) Transactions executed pursuant to Rules 601 and 602;

(2) Trading Privilege Holder, Related Party or Participant may knowingly trade against a Customer Order for its own account, an account in which it has a direct or indirect financial interest, an account over which it has discretionary trading authority, or a Proprietary Account of its employer, only if:

- (A) the Customer Order has been entered immediately upon receipt and has first been exposed on the Cboe Digital Trading System for a minimum of 5 seconds in the case of Futures Orders or for a minimum of 15 seconds in the case of Options Orders; and
- (B) the Customer has previously consented in writing to waive the application of Rule 520, and such consent has not been revoked.

### **RULE 521. Disclosing Orders Prohibited**

Except in accordance with any policies or procedures for pre-execution discussions from time to time adopted by the Exchange, no Trading Privilege Holder, Related Party or Participant shall disclose to any Person any Order placed by any other Person except to the Exchange or the Commission. No Trading Privilege Holder, Related Party or Participant shall solicit or induce another Person to disclose Order information. No Trading Privilege Holder, Related Party or Participant shall take action or direct another to take action based on non-public Order information, however acquired. The mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of this rule.

### **RULE 522. Simultaneous Buy And Sell Orders For Different Beneficial Owners**

(a) No Trading Privilege Holder, Related Party or Participant shall accept simultaneous buy and sell Orders from the same beneficial owner for the same expiration of a particular Contract that could potentially execute against each other.

(b) Opposite Orders for different beneficial owners that are simultaneously placed by a Trading Privilege Holder, Related Party or Participant with discretion over both accounts may be entered into the Cboe Digital Trading System, provided that one Order is exposed for a minimum of 5 seconds in the case of Futures Orders or a minimum of 15 seconds in the case of Options Orders. An Order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite another Order entered by the same firm only if the Order has been entered immediately upon receipt and has been exposed on the Cboe Digital Trading System for a minimum of 5 seconds for Futures Orders or a minimum of 15 seconds for Options Orders.

### **RULE 523. Wash Sales Prohibited**

No Trading Privilege Holder, Related Party or Participant shall place or accept buy and sell Orders in the same product and expiration month, and, for a put or call Option, the same strike price, where the person knows or reasonably should know that the purpose of the orders is to avoid taking a bona fide market position exposed to market risk (transactions commonly known or referred to as wash sales). Buy and sell Orders for different accounts with common beneficial ownership that are entered with the intent to negate market risk or price competition shall also be deemed to violate the prohibition on wash trades. Additionally, no Person shall knowingly execute or accommodate the execution of such Orders by direct or indirect means.

## **RULE 524. Recordkeeping Requirements for Entering Orders into the Cboe Digital Trading System**

(a) All Orders shall be entered into the Cboe Digital Trading System by electronic transmission through a Cboe Digital Workstation, and the Exchange shall maintain an electronic record of those entries. Each Trading Privilege Holder (including its Authorized Traders) shall be responsible in every respect for any and all Orders entered by it (including its Related Parties) and for compliance by its Related Parties with this Rule 524. Prior to entering any Order, the relevant Related Party shall connect to the Cboe Digital Trading System in a form and manner prescribed by the Exchange.

(b) Each single Order other than a Cancel Order or Cancel Replace/Modify Order must contain the following information: (i) whether such Order is a buy or sell Order; (ii) Order type; (iii) price or premium (if the Order is not a Market Order); (iv) quantity; (v) in the case of Orders for Futures, Contract identifier or product and contract expiration(s); (vi) in the case of Orders for Options, either Contract identifier or each of strike price(s), type(s) of option(s) (put or call), expiration(s) and underlying Futures Contract(s); (vii) Client Order ID; (viii) FIRM code (i.e., Clearing FIRM code and Trading Privilege Holder FIRM code); (ix) Order Entry Operator ID; (x) Clearing House origin code (C for Customer or F for Firm); (xi) Customer Type Indicator code; (xii) account designation (which shall be the account number of the account of the party for which the Order was placed, except that a different account designation may be included in the case of a bunched Order processed in accordance with Rule 524(h) and 511 or in the case of an Order for which there will be a post-trade allocation of the resulting trade(s) to a different clearing member); and (xiii) such additional information as may be prescribed from time to time by the Exchange.

(c) Each Cancel Order must contain the following information: (i) Client Order ID of Order to be canceled; (ii) FIRM code (i.e., Clearing FIRM code and Trading Privilege Holder FIRM code); (iii) Order Entry Operator ID; and (iv) such additional information as may be prescribed from time to time by the Exchange.

(d) Each Cancel Replace/Modify Order must contain the following information: (i) Client Order ID; (ii) Client Order ID of Order to be canceled; (iii) FIRM code (i.e., Clearing FIRM code and Trading Privilege Holder FIRM code); (iv) Order Entry Operator ID; (v) Order type; (vi) price or premium; (vii) quantity; and (viii) such additional information as may be prescribed from time to time by the Exchange.

(e) Each Quote must contain the following information: (i) whether the Quote is to buy or sell; (ii) price or premium; (iii) quantity; (iv) Contract identifier; and (v) such additional information as may be prescribed from time to time by the Exchange.

(f) In the event that any single Order or Quote does not contain required or permitted information in a form and manner prescribed by the Exchange the single Order or Quote will be rejected or canceled back to the sender by the Cboe Digital Trading System.

(f) With respect to Orders received by a Trading Privilege Holder (including its Authorized Traders) that are immediately entered into the Cboe Digital Trading System, no record need be kept by such Trading Privilege Holder, except as may be required pursuant to Rule 409 and Applicable Law. However, if a Trading Privilege

Holder (including its Authorized Traders) receives an Order that cannot be immediately entered into the Cboe Digital Trading System, the Trading Privilege Holder must prepare an Order form in a non-alterable written medium, which shall include the account designation, date, an electronic timestamp reflecting the time of receipt and other information required pursuant to section (b) Each such form must be retained by the Trading Privilege Holder for at least five years from the time it is prepared. above. The Order must be entered into the Cboe Digital Trading System, in the order it was received, as soon as it becomes executable.

(g) Electronic Audit Trail Requirements for Electronic Front-End Systems.

(1) Each Clearing Member and each Trading Privilege Holder that is an FCM or an IB shall maintain front-end (including order routing) audit trail information for all electronic Orders entered by that party into the Cboe Digital Trading System, including all related modifications and cancellations.

(2) Each Clearing Member shall also maintain, or cause to be maintained, front-end audit trail information for all electronic Orders entered into the Cboe Digital Trading System by any Trading Privilege Holder for which the Clearing Member is identified in the Order submission as the Clearing Member for the execution of the Order, including all related modifications and cancellations. This audit trail must contain all Order entry, modification, cancellation and response receipt time(s) as well as all Financial Information Exchange interface ("FIX") tag information. This audit trail must contain all Order entry, modification, and response receipt times as well as all Financial Information Exchange interface ("FIX") Tag information and fields as applicable.

(3) Notwithstanding any of the provisions of this Rule 524, each Trading Privilege Holder is obligated to comply with the provisions of CFTC Regulation 1.35 as applicable to that Trading Privilege Holder.

(4) In the case where the guaranteeing Clearing Member has a Customer that is another Clearing Member, the Clearing Member may notify the Customer Clearing Member in writing that it is their obligation to maintain the Electronic Audit Trail. It shall be the duty of the Customer Clearing Member to maintain an electronic audit trail pursuant to this rule.

(h) Bunched Orders and Orders Eligible for Post Execution Allocation.

Bunched Orders must be allocated and recorded in accordance with CFTC Regulation 1.35(b)(5) and NFA's Interpretive Notice 9029 - NFA Compliance Rule 2-10: The Allocation of Bunched Orders for Multiple Accounts.

(1) Bunched Orders may be entered using a series designation or suspense account number provided that:

(i) the Order is being placed by an account manager for multiple accounts eligible for post execution allocation or

(ii) a written, predetermined allocation scheme that defines the series has been provided to the futures commission merchant accepting or clearing the Order prior to the time that such Order is entered. In the latter case, if such information has not been provided to the futures commission merchant prior to the time of Order entry, each specific account number must be entered into the Cboe Digital Trading System. Additionally, for all such bunched Orders executed on the Cboe Digital Trading System, the final account specific allocations must be submitted to the Cboe Digital Trading System no later than the end of each trading day.

(2) Bunched Orders for non-discretionary accounts may be entered through the Cboe Digital Trading System; however, only the following Order Types may be bunched: same priced limit Orders, same priced stop Orders and market Orders received prior to the opening of the Cboe Digital Trading System trading session. Such non-discretionary Orders may only be bunched in the following instances:

- (i) Each Order underlying the bunched Order must be reduced to writing and include the information required pursuant to Section (b) above;
- (ii) Allocation of the executions for the bunched Orders must be fair and equitable in accordance with the NFA's Interpretive Notice related to Compliance Rule 2-10; and
- (iii) In circumstances where the Order is bunched the Trading Privilege Holder accepting the Order must, contemporaneously with the Order placement, transmit the individual account numbers and quantities associated with the bunched Order to the Clearing Member. Such transmission shall be maintained by the Clearing Member along with the bunched Order.

## **RULE 525. Prearranged, Pre-Negotiated and Noncompetitive Trades Prohibited**

- (a) Except as set forth in Chapter 6 or as in accordance with subparagraph (b) below, no Trading Privilege Holder, Related Party or Participant enter any Order into the Cboe Digital Trading System which has been prearranged or pre-negotiate any purchase or sale or noncompetitively execute any transaction.
- (b) Pre-Execution Communications Regarding the Cboe Digital Trading System Trades. Parties may engage in pre-execution communications with regard to transactions executed on the Cboe Digital Trading System where one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the Order subject to the following restrictions:
  - (1) A party may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.
  - (2) Parties to pre-execution communications shall not:
    - i. disclose to a nonparty the details of such communications or
    - ii. enter an Order to take advantage of information conveyed during such communications except in accordance with this rule.
  - (3) The first party's Order must be entered into the Cboe Digital Trading System first and the second party's Order may not be entered into the Cboe Digital Trading System platform until a period of 5 seconds has elapsed from the time of entry of the first Futures Order or a period of 15 seconds for Options Orders.

## **RULE 526. Responsibility For Customer Orders**

- (a) Standard of Responsibility.

(1) Trading Privilege Holders handling Orders for Customers shall exercise due diligence in the handling and execution of Customer Orders. Failure to act with due diligence shall constitute negligence. In the

case of a dispute as to whether a Trading Privilege Holder has exercised due diligence, the appropriate arbitration or disciplinary committee is authorized to determine whether the Trading Privilege Holder was negligent and, if so, whether an adjustment is due to the Customer.

(2) A Trading Privilege Holders are prohibited from directly or indirectly guaranteeing the execution of an Order or any of its terms such as the quantity or price; ~~A Participant may only report an execution that has been effected through the Cboe Digital Trading System or has been executed under Chapter 6.~~ *provided* that nothing herein shall be construed to prevent a Trading Privilege Holder from assuming or sharing in the losses resulting from an error or the mishandling of an Order. A Trading Privilege Holder may only report an execution that has been effected through the Cboe Digital Trading System or has been executed pursuant to Chapter 6.

(b) Liability for Negligence. A Trading Privilege Holder may not adjust the price at which an Order was executed or be held responsible for executing or failing to execute an Order unless such Trading Privilege Holder was negligent or is settling a bona-fide dispute regarding negligence. A Trading Privilege Holder may not compel an adjustment from another Trading Privilege Holder in the absence of a bona-fide dispute regarding negligence. Trading Privilege Holder and Clearing Members shall document all adjustments. Trading Privilege Holder and Clearing Members shall make and retain a record which contains the date the adjustment was received, the name of the Trading Privilege Holder making the adjustment, the account to which the adjustment was credited, the amount of the adjustment, the Order number and the reason for the adjustment. Such records must be provided to the Exchange upon request.

## **RULE 527. Discretionary Orders**

No Trading Privilege Holder shall submit a discretionary Order to the Cboe Digital Trading System for any account of another Person, without the prior specific written consent of such other Person to exercise such discretion.

## **RULE 528. Priority of Execution**

Non-discretionary Customer Orders received by a Trading Privilege Holder, an Authorized Trader, shall be entered into the Cboe Digital Trading System in the sequence received. Non-discretionary Orders that cannot be immediately entered into the Cboe Digital Trading System must be entered when the Orders become executable in the sequence in which the Orders were received.

## **RULE 529. Average Price System**

(a) Application of Average Prices. A proprietary average price system (“APS”) developed by a Trading Privilege Holder allows a Trading Privilege Holder to confirm to Customers an average price when multiple execution prices are received on an Order or series of Orders for the same instrument. An Order or series of Orders executed for the same instrument during the same trading day at more than one price may be averaged pursuant to APS only if each Order is for the same account or group of accounts and for the same instrument, or for the same instrument, maturity, put/call and strike price for Options.

- (b) Requirements for APS Trades. The requirements enumerated below must be met for APS transactions.
- (1) The Customer must have requested average price reporting.
  - (2) Each individual trade must be submitted to the Exchange and cleared by the Clearing House at the executed price.
  - (3) A Trading Privilege Holder must compute and confirm the weighted mathematical average price, as set forth in Section (c).
  - (4) A Trading Privilege Holder must possess the records to support the calculations and allocations to Customer Accounts and must maintain these records pursuant to CFTC regulations.
  - (5) A Trading Privilege Holder must ensure that its proprietary trades are not averaged with Customer APS trades.
- (c) Computation of Average Price. Upon receipt of an execution or match at multiple prices for an APS Order, the weighted mathematical average must be computed by:
- (1) multiplying the number of instruments purchased or sold at each execution price by that price;
  - (2) adding the results together; and,
  - (3) dividing by the total number of instruments.

An average price for a series of Orders will be computed based on the average prices of each Order in that series. The actual average price or the average price rounded to the next price increment may be confirmed to Customers. If a Trading Privilege Holder confirms the rounded average price, the Trading Privilege Holder must round the average price up to the next price increment for a buy Order or down to the next price increment for a sell Order. The residual created by the rounding process must be paid to the Customer. APS may produce prices that do not conform to whole cent increments. In such cases, any amounts less than one cent may be retained by the Trading Privilege Holder.

- (d) Disclosure. Each Trading Privilege Holder that confirms an average price to a Customer must indicate on the confirmation and monthly statement that the price represents an average price.

### **RULE 530. Position Limits And Exemptions**

(a) The Exchange shall designate for each Contract whether it is subject to position limits or to position accountability. This Rule 530 governs Contracts that are subject to position limits. The position limit levels applicable to those Contracts with position limits are set forth in Rule 533.

(b) Position limits shall be as established by the Exchange from time to time as permitted by CFTC Regulation 38.300, Part 150 of the CFTC Regulations, and CFTC Regulation 41.25, as applicable. Except as specified in paragraphs (c) and (d) below, Trading Privilege Holders shall not control, or trade in, any number of Contracts that exceed any position limits so established by the Exchange. Once established, any such position limits shall be deemed to constitute a part of each Trading Privilege Holder's account and clearing agreement. Except as specified in paragraphs (c) and (d) below, no Trading Privilege Holder shall

be permitted to enter, or place an Order to enter, into any transaction on the Exchange that would cause such Trading Privilege Holder to exceed any position limits.

(c) On the basis of an application to the Exchange in accordance with paragraph (d) below, and such supplemental information as the Exchange may request, the Exchange will determine whether to grant a position limit exemption. To the extent that a Contract is subject to federal position limits or otherwise subject to the provisions Part 150 of the Commission Regulations, the Exchange shall adhere to the applicable provisions Part 150 of the Commission Regulations, including any applicable definitions and requirements, in relation to any position limit exemption requests relating to that Contract. Eligible exemptions include:

(1) Bona Fide Hedging Positions. The Exchange may grant exemptions from position limits for bona fide hedge positions as defined by CFTC Regulation §1.3(z)(1) or any other applicable CFTC Regulation. Approved bona fide hedgers may be exempted from Emergency Rules that reduce position limits or restrict trading.

(2) Risk Management Positions. The Exchange may grant exemptions from the position limits for risk management positions. For the purposes of this Rule, risk management positions are defined as Futures and Options positions which are held by or on behalf of an entity or an affiliate of an entity which typically buys, sells or holds positions in the underlying cash market, a related cash market, or a related over-the-counter market and for which the underlying market has a high degree of demonstrated liquidity relative to the size of the positions and where there exist opportunities for arbitrage which provide a close linkage between the Futures or Options market and the underlying market in question. Exemptions related to indexed positions in the over-the-counter market may include corresponding commodity index-based Futures and Options and/or individual commodity Futures and Options used as components in replicating an index.

(3) Arbitrage and Spread Positions. The Exchange may grant exemptions from the position limits for arbitrage, intracommodity spread, intercommodity spread, and eligible Option/Option or Option/Futures spread positions.

(d) A Trading Privilege Holder seeking a position limit exemption must apply to the Exchange in a form and manner prescribed by the Exchange. In order to obtain an exemption from position limits, a Trading Privilege Holder must include the following in any such application:

(1) Provide a description of the exemption sought, including whether the exemption is for bona fide hedging positions as defined in CFTC Regulation §1.3 or any other applicable CFTC Regulation, risk management positions or arbitrage/spread positions;

(2) If a qualified bona fide hedge transaction or position, a representation that describes how the transaction qualifies as a bona fide hedge transaction or position;



(3) Provide a complete and accurate explanation of the underlying exposure related to the exemption request, including exposure the underlying commodity;

(A) If a risk management transaction, a representation that the position held by a Trading Privilege Holder that typically buys, sells or holds positions in the underlying market, a related market or a related over-the-counter market for which the underlying market has a high degree of demonstrated liquidity relative to the size of the positions and where there exist opportunities for arbitrage which provide a close linkage between the futures or options market and the underlying market.

(B) If an arbitrage or spread transaction, an undertaking that the prospective arbitrageur or spreader will specify the extent of the Trading Privilege Holder's current or planned activity in the cash market underlying the Contract for which such exemption is requested.

(4) A representation that the bona fide hedge, risk management, arbitrage or spread transaction will not be used in an attempt to violate or avoid any Rule of the Exchange;

(5) An agreement to promptly provide, upon request by the Exchange, information or documentation regarding the Trading Privilege Holder's financial condition or supplemental statement explaining any change in circumstances that may affect the nature of its positions;

(6) Agree to comply with all terms, conditions or limitations imposed by the Exchange with respect to the exemption;

(7) A schedule of the maximum number of Contracts, long and short, that such Trading Privilege Holder intends to enter into for bona fide hedging, risk management, arbitrage or spread transaction purposes;

(5) An agreement that the Exchange may modify or revoke the exemption at any time;

(6) A representation that the positions involved shall be initiated and liquidated in an orderly manner based upon the characteristics of the market for which the exemption is sought; and,

(7) An agreement to promptly submit a supplemental statement to the Exchange whenever there is a material change to the information provided in the most recent application.

(e) The application for a position limit exemption must be submitted to and approved by the Exchange before execution of any transaction for which the exemption is requested.

(f) Any position limit exemption granted by the Exchange for a bona fide hedge transaction, risk management transaction or arbitrage or spread transaction shall remain in effect for the time period designated by the Exchange, unless the exemption is earlier rescinded by the Exchange. The time period for which a position limit exemption may be granted by the Exchange may be up to two years. The Exchange shall have the

authority, at any time and in its sole discretion, to review and rescind, limit or condition any position limit exemption granted by it.

(g) A Trading Privilege Holder shall promptly submit to the Exchange upon request such supplemental information requested by the Exchange in connection with the review of a position limit exemption granted to the Trading Privilege Holder.

(h) In the event the positions in excess of the limits are not deemed to be exemption-eligible, the applicant and Clearing Member will be in violation of speculative limits for the period of time in which the excess positions remained open.

(i) The Exchange shall, on the basis of the application and any requested supplemental information, determine whether an exemption from position limits shall be granted. The Exchange may approve, deny, condition or limit any exemption request as it may deem necessary or appropriate based on factors including, but not limited to, the liquidity of the markets involved, sound commercial practices, the applicant's business needs and financial status, as well as whether the positions can be established and liquidated in an orderly manner.

(j) Nothing in this Rule shall in any way limit:

(1) the authority of the Exchange to take emergency action; or

(2) the authority of the Market Regulation Department to review at any time the positions owned or controlled by any Person and to direct that such position be reduced to the accountability level or position limit provided for in this Chapter.

(k) A Trading Privilege Holder that has received written authorization from the Exchange for an exemption from position limits must annually file an updated application on the date which is one year following the approval date of the most recent application. Failure to file an updated application will result in expiration of the exemption.

(l) Aggregation of Positions.

(1) Positions to be Aggregated. The position limits in Rule 533 shall apply to all positions in accounts for which a Person by power of attorney or otherwise directly or indirectly owns the positions or controls the trading of the positions. The position limits in Rule 533 shall also apply to positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by, or the trading of the positions was done by, a single Person.

(2) Ownership of Accounts. Except as set forth in subparagraph (m) below, any Person holding positions in more than one account, or holding accounts or positions in which the Person by power of attorney or otherwise directly or indirectly has a 10% or greater ownership or equity interest, must aggregate all such accounts or positions, unless such Person is a pool participant in a commodity pool. The foregoing

exception for pool participants shall not apply if the Person is a commodity pool operator, controls the commodity pool's trading decisions, or has an ownership or equity interest of 25% or more in a commodity pool whose operator is exempt from registration with the CFTC.

(m) Limited Exceptions to Aggregation for Independently Controlled Positions.

(1) Positions carried for an eligible entity as defined in CFTC Regulation §150.1(d) in the separate account or accounts of independent account controllers as defined in CFTC Regulation §150.1(e) shall not be aggregated for position limit purposes provided that the positions are not held in the spot month during such time that a spot month position limit is applicable. If an independent account controller is affiliated with the eligible entity or another independent account controller, each of the affiliated entities must comply with the requirements set forth in CFTC Regulation §150.3(4)(i)(A-D).

(2) Positions held by Futures Commission Merchants or their separately organized Affiliates in Customer discretionary accounts or in guided account programs shall not be aggregated for position limit purposes provided that the accounts are controlled by independent traders and meet the standards set forth in CFTC Regulation §150.4(d).

(3) Any Person claiming an exemption from position limits under this Rule 532 must, upon request by the Market Regulation Department, provide any information deemed necessary to support the exemption.

(n) Violations.

(1) No Person shall exceed the position limits set forth in the Rules, unless an exemption is granted by the Market Regulation Department.

(2) The Market Regulation Department shall have the authority to enforce the Cboe Digital Exchange Rules regarding position limits

(3) Any Person making a bid or offer that would, if accepted, cause such Person to exceed the applicable position limits shall be in violation of this Rule 530.

(4) If a position exceeds position limits as a result of an Option assignment, the Person who owns or controls such position shall be allowed one Business Day to liquidate the excess position without being considered in violation of the limits. Additionally, if, at the close of trading, a position that includes Options exceeds position limits when evaluated using the delta factors as of that day's close of trading, but does not exceed the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation.

(5) A Clearing Member shall not be in violation of this Rule if it carries positions for a Customer in excess of the applicable position limits for such reasonable period of time, generally not exceed one

Business Day, as the Clearing Member may require to investigate and liquidate the excess Customer positions.

(6) A Customer who exceeds the position limits as a result of maintaining positions at more than one Clearing Member shall be deemed to have waived confidentiality regarding his positions and the identity of the Clearing Members at which they are maintained. A Clearing Member carrying such positions shall not be in violation of this Rule if, upon notification by the Exchange, it liquidates its pro-rata share of the position in excess of the limits or otherwise ensures the Customer is in compliance with the limits within a reasonable period of time, generally not exceed one Business Day.

(o) Violations, Sanctions and Appeals.

(1) First Violation. The first position limit violation by a Trading Privilege Holder will result in a warning letter issued by the Market Regulation Department, with a copy provided to the carrying Clearing Member(s), if applicable. In circumstances where the carrying Clearing Member has also committed a position limit violation as set forth in this Rule 530 by carrying such positions, a warning letter will be issued to the Clearing Member(s).

(2). Second Violation, Sanctions and Appeals.

(A) A second position limit violation by a Trading Privilege Holder within 24 months of the issuance of a warning letter will result in the imposition of an automatic fine by the Market Regulation Department to the Trading Privilege Holder as set forth below and the issuance of a cease and desist order.

(B) The automatic fine for a position exceeding the applicable limit by up to 25% shall be \$5,000.

(C) The automatic fine for a position exceeding the applicable limit by more than 25% shall be \$15,000.

(3) Referral to the Chief Regulatory Officer.

(A) Any third or subsequent position limit violation within 24 months of the issuance of a warning letter shall be referred by the Market Regulation Department to the Chief Regulatory Officer for consideration of the issuance of charges.

(B) Notwithstanding anything to the contrary contained herein, the Market Regulation Department, in its sole discretion, may refer any position limit violation it deems egregious to the Chief Regulatory Officer for consideration of the issuance of charges.

(4) Appeal. Parties may, within 10 Business Days of being provided notice of sanctions issued pursuant to this section, request an appeal to the Board.

(A) Upon receiving a written request for appeal, the Chair of the Board shall determine solely upon the written request for appeal and any written response of the Market Regulation Department, whether there is a reasonable basis to conclude that the appellant might be able to meet one of the standards identified in subsection (b) below that would permit the Board to set aside, modify or amend the appealed decision. If the Chair determines that such a reasonable basis exists, a hearing will be held. The Board Chair's determination of whether to hold a hearing on an appeal shall be final. If a hearing is held the Chair shall allow the filing of briefs in connection with the appeal.

(B) The Board shall not set aside, modify or amend the appealed decision unless it determines by a majority vote that the decision was:

(i) Arbitrary, capricious, or an abuse of the Market Regulation Department's discretion;

(ii) In excess of the Market Regulation Department's authority or jurisdiction; or,

(iii) Based on a clearly erroneous application or interpretation of Cboe Digital Exchange Rules.

(C) If a hearing is held, the Board shall issue a written decision which shall include a statement of findings with respect to the decision from which the appeal was taken and the Board's determination that such initial decision is affirmed, set aside, modified or amended in whole or in part and, with respect to any initial decision that is not affirmed in whole, the Board's determination of the order or penalty to be imposed, if any, and the effective date. The decision of the Board shall be final and may not be appealed.

## **RULE 531. Position Accountability**

(a) A Trading Privilege Holder who holds or controls, or a Trading Privilege Holder or Clearing Member that carries for another Person, aggregate positions in excess of those specified in the Position Accountability column in the Table in Rule 533, shall:

(1) Provide, in a timely manner upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information, if applicable.

(2) Be deemed to have consented, when so ordered by the Exchange, not to further increase the positions which exceed the levels specified in the Position Accountability column in the Table in Rule 533.

(3) Initiate and/or liquidate such positions in an orderly manner.

(b) For purposes of this rule, all positions in accounts for which a Trading Privilege Holder, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such Trading Privilege Holder. The provisions of this rule shall apply to positions held by two or more Trading Privilege Holder acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by or the trading of the positions was controlled by a single Trading Privilege Holder.

## **RULE 532. Reports of Large Positions and Ownership and Control Reporting**

### **(a) Large Trader Reporting**

(1) Each Trading Privilege Holder, including Clearing Members, and any other Person, that is subject to large trader reporting pursuant to CFTC regulations relating to Exchange Contracts, shall, in a form and manner prescribed by the Exchange, concurrently submit to the Exchange a copy of all reportable positions at or above the Reportable Futures Level as set forth in the Table in Rule 533 ("Large Trader Report") that such Trading Privilege Holder or Person is required to report to the Commission pursuant to CFTC regulations. Positions at or above the Reportable Futures Level in a Contract in a discrete Commodity Code (pursuant to the Table in Rule 533) trigger reportable status. For an person account in reportable status in a Contract in a discrete Commodity Code, all Contract positions, regardless of size, in the same discrete Commodity Code must be reported.

(2) All Large Trader Reports shall be submitted in a manner and form acceptable to the Exchange. The Exchange may require that more than one Large Trader Report be submitted daily. The Regulatory Oversight Committee or the Exchange may require reports from any Trading Privilege Holder, including any Clearing Member, on a lesser number of positions than reflected in the Table in Rule 533.

### **(b) Ownership and Control Reporting**

(1) Each Trading Privilege Holder, including Clearing Members, and any other Person, that is required pursuant to CFTC regulations to submit to the CFTC Form 102 (including CFTC Form 102A and CFTC Form 102B) relating to Exchange Contracts, must, in a form and manner prescribed by the Exchange, concurrently submit to the Exchange a copy of the required Form 102 (including CFTC Form 102A and CFTC Form 102B) identifying the owner, any controlling parties and any additional required information for each reportable account.

(2) A reportable account for the purposes of Rule 532(b)(1) and (b)(2) is an account at or above the Reportable Futures Level and/or the Volume Threshold Reportable Level as identified in the Table in Rule 533.

(3) The applicable Large Trader Report, Form 102A and Form 102B must be submitted to the Exchange no later than 9:00 am Central Time on the Business Day following the date on which the account becomes reportable. Additionally, Trading Privilege Holders must submit a revised Form

102A and Form 102B reflecting any material changes to the information previously provided to the Exchange within three Business Days of such changes becoming effective. In the absence of any material changes, the Exchange may require electronic submission of a new Form 102A or Form 102B on an annual basis for the maintenance of accurate records.

### **RULE 533. Position Limit, Position Accountability, Reportable Level, and Volume Threshold Level Table**

The reportable levels for all Contracts are set forth in the Position Limit, Position Accountability, Reportable Level, and Volume Threshold Level Table below. For purposes of the Large Trader Report, Contracts shall be reported according to discrete Commodity Code. The reportable level is the net long position or the net short position for each discrete Commodity Code. Pursuant to Rule 909, concurrent long and short positions must be reported to the Exchange for both sides as open positions (i.e., net long positions or net short positions). Such other volume threshold reportable levels than those set forth in the Position Limit, Position Accountability, Reportable Level, and Volume Threshold Level Table may otherwise be designated by the Commission.

#### **Position Limit, Position Accountability, Reportable Level, and Volume Threshold Level Table:**

Contract Name	Commodity Code	Reportable Futures Level for each discrete Commodity Code (Large Trader Report and Form 102A)	Position Accountability for each discrete Commodity Code	Position Limit for each discrete Commodity Code	Volume Threshold Reportable Level for each discrete Commodity Code (Form 102B)
Bitcoin Futures ( <u>physically-settled</u> )	BTC	5 contracts	N/A	8,500	50 contracts
Bitcoin Futures (financially-settled)	FBT	25 contracts	N/A	85,000	50 contracts
Ether Futures ( <u>physically-settled</u> )	ETH	5 contracts	N/A	12,000	50 contracts
Ether Futures ( <u>financially-settled</u> )	FET	25 contracts	N/A	120,000	50 contracts

### **RULE 534. The Cboe Digital Trading System Access Restrictions**

(a) A trade given up to another Clearing Member will be deemed to have been accepted by such Clearing Member if the trade is not rejected by the close of business on the business day following the trade date. The acceptance of a trade by a Clearing Member shall not relieve any Trading Privilege Holder, Authorized Trader, or Clearing Member of the duty to act in accordance with the Rules.

(b) All Persons entering Customer Orders in other than a clerical capacity must have appropriate industry registration and meet all applicable regulatory requirements. Customer Orders must be entered from the premises of an entity registered to conduct Customer business.

(c) Clearing Members shall assist the Exchange in any investigation into potential violations of the Cboe Digital Exchange Rules or the CEA which occur through or with respect to a Cboe Digital Trading System connection guaranteed by the Clearing Member. Such assistance must be timely and may include, but not be limited to, requiring any Trading Privilege Holder or Customer to produce documents, to answer questions from the Exchange, and/or to appear in connection with an investigation. Upon request by the Exchange, Clearing Members shall suspend or terminate a Trading Privilege Holder's or Customer's access if the Exchange determines that the actions of the Trading Privilege Holder or Customer threaten the integrity or liquidity of any Contract or violate any Cboe Digital Rule or the CEA, or if the Customer fails to cooperate in an investigation.

(d) If a Clearing Member has actual or constructive notice of a violation of Cboe Digital Exchange Rules in connection with the use of the Cboe Digital Trading System by a Trading Privilege Holder for which it has authorized a direct connection and the Clearing Member fails to terminate the connection, the Clearing Member may be found to have committed an act detrimental to the Exchange.

### **RULE 535. Identification of Order Entry Operator**

(a) Each Trading Privilege Holder, in a form and manner prescribed by the Exchange, shall include an Order Entry Operator ID with every Order (including, without limitation, every Cancel Order and Cancel Replace/Modify Order) from that Trading Privilege Holder that is submitted to the Cboe Digital Trading System. Any Order submitted to the Cboe Digital Trading System that does not contain an Order Entry Operator ID in a form and manner prescribed by the Exchange will be rejected or canceled back to the sender by the Cboe Digital Trading System.

(b) Natural Persons. Order Entry Operator IDs are subject to the following requirements in relation to a natural person:

(1) Each Order Entry Operator ID shall represent (A) the natural person physically responsible for entering the Order into the Cboe Digital Trading System (if a natural person entered the Order into the Cboe Digital Trading System); or (B) the natural person physically responsible for entering the Order directly or indirectly into a system of or used by a Trading Privilege Holder that interfaces with the Cboe Digital Trading System (if no natural person entered the Order into the Cboe Digital Trading System and instead a natural person entered the Order directly or indirectly into a system of or used by a Trading Privilege Holder that interfaces with the Cboe Digital Trading System).



(2) An Order Entry Operator ID issued for a natural person may only be used by that natural person. An Order Entry Operator ID issued for a natural person may not be used by any other natural person or entity and may not be used as the Order Entry Operator ID for an Automated Trading System.

(c) Automated Trading Systems. Order Entry Operator IDs are subject to the following requirements in relation to Automated Trading Systems. For purposes of this Rule 535, an Automated Trading System is a system that automates the generation and routing of Orders:

(1) Each Order originating from an Automated Trading System that is submitted to the Cboe Digital Trading System shall include an Order Entry Operator ID for that Automated Trading System.

(2) An Order Entry Operator ID issued for an Automated Trading System may only be used for that Automated Trading System. An Order Entry Operator ID issued for an Automated Trading System may not be used for any other Automated Trading System and may not be used as the Order Entry Operator ID for any natural person or entity.

(3) If a natural person utilizes a front-end trading system with automated functionality (such as spreading functionality) and the use of that functionality is ancillary to the natural person's manual trading, an Order Entry Operator ID is not required to be used for that front-end trading system. In that event, the natural person's Order Entry Operator ID may be used for the submission of Orders originating from that front-end trading system. If, however, the automated functionality of the front-end trading system generates a majority of the natural person's Orders, that front-end trading system shall be treated as an Automated Trading System for purposes of this Rule 535 and an Order Entry Operator ID for the frontend trading system must be included in each Order generated by the frontend trading system in order to differentiate those Orders from manual Orders submitted by the natural person.

(d) Records and Reporting. Each Trading Privilege Holder shall comply with the following issuance, recordkeeping, and reporting requirements related to Order Entry Operator IDs:

(1) Each Order Entry Operator ID issued for a natural person or Automated Trading System for inclusion with any Order from the Trading Privilege Holder that is submitted to the Cboe Digital Trading System shall be unique, and shall not be associated with more than one natural person or Automated Trading System, at the Clearing Member level. Each Trading Privilege Holder and any Clearing Member utilized by the Trading Privilege Holder shall coordinate as necessary in order to ensure that this requirement is satisfied.

(2) Each Trading Privilege Holder shall collect and maintain accurate, complete, and up-to-date records with the following information for each Order Entry Operator ID issued for a natural person or Automated Trading System for inclusion with any Order from the Trading Privilege Holder that is submitted to the Cboe Digital Trading System:

(A) a clear identification of whether the Order Entry Operator ID is issued for a natural person or Automated Trading System;

(B) if the Order Entry Operator ID is issued for a natural person, the name, address, telephone and e-mail contact information, and position or relationship to the Trading Privilege Holder of the natural person;

(C) if the Order Entry Operator ID is issued for an Automated Trading System, the name, address, telephone and email contact information, and position or relationship to the Trading Privilege Holder of the head operator of the Automated Trading System; and

(D) any other related information as may be prescribed by the Exchange.

(3) Each Trading Privilege Holder shall provide to the Exchange in a form and manner prescribed by the Exchange information requested by the Exchange regarding any Order Entry Operator IDs and the natural persons and Automated Trading Systems for which they have been issued for inclusion with any Order from the Trading Privilege Holder that is submitted to the Cboe Digital Trading System. The information requested relating to an Automated Trading System may include, among other things, information regarding the head operator and other individuals that operate the Automated Trading System and the type of models, algorithms, programs, and systems utilized by the Automated Trading System.

(4) Each Trading Privilege Holder shall promptly report to the Exchange in a form and manner prescribed by the Exchange any new or changed information regarding Order Entry Operator IDs that are identified to the Trading Privilege Holder by the Exchange as being subject to this reporting requirement.

## **RULE 536. LIMITATION OF LIABILITY, NO WARRANTIES**

(a) EXCEPT AS PROVIDED BELOW, AND EXCEPT IN INSTANCES WHERE A PARTY HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN WILLFUL OR WANTON MISCONDUCT, IN WHICH CASE THE PARTY FOUND TO HAVE ENGAGED IN SUCH CONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE 536, NEITHER THE EXCHANGE (INCLUDING ITS SUBSIDIARIES AND AFFILIATES, CLEARING HOUSE, AND ANY TECHNOLOGY SERVICES PROVIDER AND CONTRACTORS PROVIDING SERVICES TO THE EXCHANGE), NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, CONSULTANTS, AND LICENSORS (THE "DISCLAIMING PARTY" OR "DISCLAIMING PARTIES") SHALL BE LIABLE TO ANY PERSON FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF USE, AND DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES), ARISING FROM:

- (1) ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION, OR ANY OTHER EVENT, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE SYSTEMS AND SERVICES OF THE EXCHANGE, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES, INCLUDING WITHOUT LIMITATION ELECTRONIC ORDER ENTRY/DELIVERY, TRADING THROUGH ANY ELECTRONIC MEANS, ELECTRONIC COMMUNICATION OF MARKET DATA OR INFORMATION, WORKSTATIONS USED BY TRADING PRIVILEGE HOLDERS AND AUTHORIZED TRADERS, PRICE REPORTING SYSTEMS AND ANY AND ALL TERMINALS, COMMUNICATIONS NETWORKS, CENTRAL COMPUTERS, SOFTWARE, HARDWARE, AND FIRMWARE RELATING THERETO; OR
- (2) ANY FAILURE OR MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION OR TERMINATION, OR ANY OTHER EVENT, OF ANY SYSTEM OR SERVICE OF THE EXCHANGE, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, CAUSED BY ANY THIRD PARTIES INCLUDING, BUT NOT LIMITED TO, INDEPENDENT SOFTWARE VENDORS AND NETWORK PROVIDERS; OR
- (3) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE EXCHANGE OR ANY OR ANY OF THE EXCHANGE'S SYSTEMS, SERVICES OR FACILITIES; EXCEPT FOR INCORRECT ORDER STATUSING INFORMATION AS PROVIDED IN RULE 539; OR
- (4) ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF ANY OF THE EXCHANGE'S SYSTEMS, SERVICES, EQUIPMENT OR FACILITIES BY ANY PERSON.

THE FOREGOING LIMITATION OF LIABILITY SHALL APPLY WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, CONTRIBUTION OR OTHERWISE AND WHETHER THE CLAIM IS BROUGHT DIRECTLY OR AS A THIRD PARTY CLAIM.

THE FOREGOING LIMITATION OF LIABILITY SHALL BE SUBJECT TO THE CEA AND REGULATIONS THEREUNDER.

- (b) NOTWITHSTANDING SUBSECTION (a), (b),(e), or (f) OF THIS RULE 536, IN NO EVENT SHALL PLATFORM TECHNOLOGY SERVICES PROVIDERS BE LIABLE TO ANY PERSON NOR SHALL ANY PERSON BRING ANY LEGAL ACTION (WHETHER IN TORT, NEGLIGENCE, OR BREACH OF CONTRACT) FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES INCLUDING, BUT NOT LIMITED TO LOSS OF PROFITS, LOSS OF USE, DIRECT, SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, ARISING FROM THE USE OF THE PLATFORM. THE TERM PLATFORM TECHNOLOGY SERVICES PROVIDERS REFERS TO THE TECHNOLOGY SERVICES PROVIDERS PROVIDING SERVICES TO THE EXCHANGE.

- (c) THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS (INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR USE) PROVIDED BY THE DISCLAIMING PARTY OR DISCLAIMING PARTIES RELATING TO ANY SYSTEMS OR SERVICES OF THE EXCHANGE OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, INCLUDING THE CBOE DIGITAL TRADING SYSTEM.
- (d) ANY DISPUTE ARISING OUT OF THE USE OF SYSTEMS OR SERVICES OF THE EXCHANGE OR SERVICES, EQUIPMENT, OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES IN WHICH THE DISCLAIMING PARTY OR DISCLAIMING PARTIES IS A PARTY SHALL BE ARBITRATED PURSUANT TO CHAPTER 8. ANY ARBITRATION SHALL BE BROUGHT WITHIN THE PERIOD PRESCRIBED BY CHAPTER 8. ANY OTHER ACTIONS, SUITS OR PROCEEDINGS AGAINST THE DISCLAIMING PARTY OR DISCLAIMING PARTIES MUST BE BROUGHT WITHIN TWO YEARS FROM THE TIME THAT A CAUSE OF ACTION HAS ACCRUED. THIS PARAGRAPH (c) SHALL IN NO WAY BE CONSTRUED TO LIMIT A PARTY'S OBLIGATION TO ARBITRATE ITS CLAIM OR TO CREATE A CAUSE OF ACTION AND SHALL NOT AUTHORIZE AN ACTION THAT WOULD OTHERWISE BE PROHIBITED BY CBOE DIGITAL EXCHANGE RULES. IF FOR ANY REASON, A COURT OF COMPETENT JURISDICTION FINDS THAT A DISPUTE IS NOT ARBITRABLE, SUCH DISPUTE MAY ONLY BE LITIGATED IN THE COUNTY OF COOK IN THE STATE OF ILLINOIS AND WILL BE GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT REGARD TO ANY PROVISIONS OF ILLINOIS LAW THAT WOULD APPLY THE SUBSTANTIVE LAW OF A DIFFERENT JURISDICTION.
- (e) THE DISCLAIMING PARTY OR DISCLAIMING PARTIES, MAY, IN ITS SOLE DISCRETION, ASSUME RESPONSIBILITY FOR DIRECT, OUT-OF-POCKET LOSSES DIRECTLY CAUSED BY THE GROSS NEGLIGENCE OF EXCHANGE STAFF AND/OR ORDER STATUS ERRORS PROVIDED BY THE EXCHANGE OR AN EXCHANGE SYSTEM, EQUIPMENT, SERVICE OR FACILITY. NOTWITHSTANDING THE ABOVE, i) THE EXCHANGE'S TOTAL COMBINED AGGREGATE OBLIGATIONS SHALL NOT EXCEED \$1,000 FOR ANY SINGLE CLAIM, AND \$10,000 FOR ALL CLAIMS. ANY DISPUTED CLAIM PURSUANT TO THIS PARAGRAPH (d) MUST BE ARBITRATED PURSUANT TO CHAPTER 8.
- (f) IN NO EVENT SHALL THE DISCLAIMING PARTY OR DISCLAIMING PARTIES TOTAL COMBINED AGGREGATE LIABILITY FOR ALL CLAIMS ARISING OUT OF ANY FAILURES, MALFUNCTIONS, FAULTS IN DELIVERY, DELAYS, OMISSIONS, SUSPENSIONS, INACCURACIES, INTERRUPTIONS, TERMINATIONS, OR ANY OTHER CAUSES, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE EXCHANGE'S SYSTEMS OR SERVICES, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES, OR THE NEGLIGENCE OF EXCHANGE STAFF EXCEED \$50,000 IN ANY GIVEN CALENDAR YEAR.

IF THE NUMBER OF ALLOWED CLAIMS ARISING OUT OF ANY FAILURES OR MALFUNCTIONS ON A SINGLE DAY OR SINGLE MONTH CANNOT BE FULLY SATISFIED BECAUSE OF THE ABOVE DOLLAR LIMITATIONS, ALL SUCH CLAIMS SHALL BE LIMITED TO A PRO RATA SHARE OF THE MAXIMUM AMOUNT FOR THE RESPECTIVE PERIOD.

- (g) NOTWITHSTANDING ANY OF THE FOREGOING PROVISIONS, THIS RULE 536 WILL IN NO WAY LIMIT THE LIABILITY OF ANY PERSON ARISING FROM ANY VIOLATION BY SUCH PERSON OF THE CEA OR THE COMMISSION REGULATIONS THEREUNDER.

### **RULE 537. Order Status**

(a) A Person who believes he has received an incorrect Order status or does not receive an appropriate status shall immediately notify the Exchange. Additionally, such Person shall take any necessary and appropriate market action to mitigate any potential losses arising from the incorrect Order status or lack of appropriate Order status immediately after the Person knew or should have known that the Order status information was incorrect or should have been received. Any liability of the Exchange for incorrect Order status shall be subject to the limitations and conditions of Rule 536.

(b) Notwithstanding the above, the Exchange shall not be liable for losses related to incorrect Order status information if the Exchange provides prior notification that an Exchange system, service or facility may produce such incorrect information and also provides notification of a means to obtain correct Order status information from such system, service or facility. In the event that the Exchange and an Exchange system, service or facility provide conflicting information relating to an Order status, a Customer may only reasonably rely on the information received from the Exchange. Any liability of the Exchange shall be subject to the liability caps and conditions of Rule 536.

### **RULE 538. The Cboe Digital Trading System Algorithms**

(a) The Cboe Digital Trading System Central Limit Order Book (“CLOB”) uses a Price/Time algorithm (also known as the First In, First Out or FIFO method). Under the Price/Time algorithm, orders will be matched with the earliest bid or offer to arrive in the Cboe Digital Trading System at the best price. If there are multiple bids and offers that have the same price, the earliest to arrive in the Cboe Digital Trading System will be the bid or offer to which the order is matched. If the order exceeds the quantity of the bid or offer, the Order will be filled at the next, best bid or offer for the Order up to its limit order price.

(b) Additionally, the Exchange may employ an auction methodology in the pre-open period, during which the order book is not in a tradable state, but Trading Privilege Holders can submit orders (including bids and offers which would cross under normal market conditions). Upon opening, an algorithm calculates the price at which the highest volume of resting bids and offers can be matched, and matches them at that price.

(c) Additional information on the operation of the matching algorithms is available at [www.cboedigital.com](http://www.cboedigital.com)

## **RULE 539. Trade Cancellations and Price Adjustments**

### **(a) Cboe Digital Exchange Authority Regarding Trade Cancellations and Price Adjustments**

- (1) The Exchange has authority to adjust trade prices or cancel (bust) trades when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the Cboe Digital Trading System or by system defects.
- (2) Notwithstanding any other provisions of this Rule, the Exchange may adjust trade prices or bust any trade if the Exchange determines that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market.
- (3) All decisions of the Exchange shall be final.

### **(b) Review of Trades**

- (1) The Exchange may determine to review a trade based on its independent analysis of market activity or upon request for review by a user of the Cboe Digital Trading System. A request for review must be made within 15 minutes of the execution of the trade.
- (2) The Exchange shall determine whether or not a trade will be subject to review. In the absence of a timely request for review, during volatile market conditions, upon the release of significant news, or in any other circumstance in which the Exchange deems it to be appropriate, the Exchange may determine, in its sole discretion, that a trade shall not be subject to review.
- (3) Upon deciding to review a trade, the Exchange will promptly issue an alert to all Trading Privilege Holders via the Cboe Digital Trading System or electronic mail indicating that the trade is under review.

### **(c) Price Adjustments and Cancellations**

- (1) In reviewing a trade, the Exchange will first determine whether the trade price is within the No Bust Range for futures or within the Bid/Ask Reasonability Allowance for options, as described in subparagraph(g). The Bid/Ask Reasonability Allowance for an option is the maximum width of the bid/ask range which will be considered reasonable for use in applying the parameters necessary to establish the No Bust Range for the option.
- (2) In applying the No Bust Range, the Exchange shall determine the fair value market price for that contract at the time the trade under review occurred. the Exchange may consider any relevant information, including, but not limited to, the last trade price in the contract or a better bid or offer price on the Cboe Digital Trading System, a more recent price for a different maturity date, the price of the same or related contract established in another venue or another market, the market conditions at the time of the trade, and the theoretical value of an option based on the most recent implied volatility.
- (3) Trade Price Inside the No Bust Range.

If the Exchange determines that the price of the trade is inside the No Bust Range, the Exchange will issue an alert indicating that the trade shall stand.

(4) Trade Price Outside the No Bust Range

i. Futures Contracts

If the Exchange determines that a trade price is outside the No Bust Range for a futures contract, the trade price shall be adjusted to a price that equals the fair value market price for that contract at the time the trade under review occurred, plus or minus the No Bust Range. In the event there are multiple parties, prices and/or contracts involved in the transactions at issue, the Exchange has the authority, but not the obligation, to bust rather than price adjust such transactions. the Exchange will issue an alert regarding its decision.

ii. Option Contracts

If the Exchange determines that a trade price is outside the applicable No Bust Range for an option contract, the trade price shall be adjusted. In the case of a buy (sell) error, the price will be adjusted to the determined ask (bid) price set forth in the Bid/Ask Reasonability Allowance in Section G plus (minus) the No Bust Range. In the event there are multiple parties, prices and/or contracts involved in the transactions at issue, the Exchange has the authority, but not the obligation, to bust rather than price adjust such transactions. the Exchange will issue an alert regarding its decision.

iii. Busted trade prices and any prices that have been adjusted shall be cancelled in the Exchange's official record of time and sales. Trades that are price adjusted shall be inserted in the time and sales record at the adjusted trade price.

(d) Alternative Resolution by Agreement of Parties

- (1) With the approval of the Exchange, parties to a trade that is price adjusted may instead mutually agree to cancel the trade.
- (2) With the approval of the Exchange, parties to a trade that is busted may instead mutually agree to price adjust the trade to a price consistent with the adjustment provisions of subparagraph (c).
- (3) Subject to subparagraph (d)(1) and (d)(2), parties to a trade that is cancelled or price adjusted may mutually agree to a cash adjustment provided that such adjustments are reported to the Exchange and the parties maintain a record of the adjustment.
- (4) An executed trade may not be reversed via transfer except where such trade is determined by the Exchange to be outside of the No Bust Range but not reported timely, subject to agreement of the parties, and approval of the Exchange. Any such transfer must occur at the original trade price and quantity; however, the parties may mutually agree to a cash adjustment.

(e) Liability for Losses Resulting from Price Adjustments or Cancellations

- (1) A party entering an order that results in a price adjustment or trade bust shall be responsible for demonstrated claims of realized losses incurred by persons whose trade prices were adjusted or busted provided, however, that a claimant shall not be entitled to compensation for losses incurred as a result of the claimant's failure to take reasonable actions to mitigate the loss.

- (2) A claim for a loss pursuant to this section must be submitted to the Exchange on an Exchange claim form within one business day of the event giving rise to the claim. The Exchange will reject any claim that is not filed in a timely manner and such decisions shall be final. Eligible claims shall be forwarded by the Exchange to the party responsible for the order(s) that resulted in a trade bust or a price adjustment and to the Clearing Member through which the trade was placed. Such party, or the Clearing Member on behalf of the party, shall, within ten business days of receipt of the claim, admit or deny responsibility in whole or in part. Failure to respond to the claim within ten business days shall be considered a denial of liability.
- (3) To the extent that liability is admitted, payment shall be made within ten business days. Unless otherwise agreed upon in writing by the parties, failure to make the payment within ten business days shall be considered a denial of liability for purposes of this rule. A copy of any such written agreement must be provided to the Exchange.
- (4) To the extent that liability is denied, the party making the claim may submit the claim for arbitration pursuant to Chapter 8 of the Rules. Such claims must be submitted to the Exchange within ten business days of the date the party was issued notification that liability was denied.

(f) Schedule of Administrative Fees

- (1) When the Exchange busts or price adjusts a trade, the party responsible for entering the order into the Cboe Digital Trading System that gave rise to the trade bust or price adjustment shall pay an administrative fee to the Exchange in the amount of \$500 for each such occurrence.

(g) Cboe Digital Exchange No Bust Ranges

Futures Contract	No Bust Range
Bitcoin Futures	The price equivalent of one percentage point (1%) from the Exchange's determination of fair market value.

**RULE 540. Risk Controls**

(a) Exchange shall implement, and make available to Clearing Members and Trading Privilege Holders, risk control mechanisms in a form and manner prescribed and provided by the Exchange.

(b) Risk control mechanisms may be set by Customer Account Reference (CAR), product, and/or Contract depending upon the applicable risk control. Risk control settings applicable to a product apply to all expirations or series, as applicable.

(c) The Exchange will make available to Clearing Members risk control mechanisms that enable a Clearing Member to set risk control parameters for Trading Privilege Holders in relation to Orders submitted to the Cboe Digital Trading System. . Clearing Members are required to obtain access to and utilize the risk control mechanisms that the Exchange makes available for use by Clearing Members. The Exchange may



make available to Trading Privilege Holders risk control mechanisms that enable the Trading Privilege Holder to set risk control parameters within the parameters that may be set by the Trading Privilege Holder's Clearing Member.

## **RULE 541. Trading Halts**

(a) The market for a Contract will enter into a halt state for a period of time designated by the Exchange, during Trading Hours for the Contract, if a circuit breaker is triggered: the price of a bid (offer) in the Contract is higher (lower) than a percentage designated by the Exchange as compared to the highest (lowest) bid (offer) observed during the lookback window as designated by the Exchange. The Exchange shall publish the circuit breaker parameters as designated by the Exchange on its website.

(b) The Exchange may, in its discretion, temporarily halt trading in a Contract or modify the circuit breaker parameters, including the time of a halt state, to preserve market integrity in a Contract market. Any action taken in response to an Emergency is governed by Rule 212, including notification to the CFTC of any Emergency Rule in accordance with CFTC Regulations.

## CHAPTER 6: PRIVATELY NEGOTIATED TRANSACTIONS

### RULE 601. Block Trades

(a) The Exchange shall designate the products in which Block Trades shall be permitted and determine the minimum quantity thresholds for such transactions. If and to the extent permitted by the specifications governing the applicable Contract, transactions that satisfy a designated minimum size requirement may be entered into off of the Exchange in that Contract, at prices mutually agreed, provided all of the requirements and conditions set forth in this Rule 601 and Rule 603 are satisfied ("Block Trade").

(b) The following requirements shall govern block trades:

(1) Each buy or sell order underlying a Block Trade must (A) state explicitly that it is to be, or may be, executed by means of a Block Trade; and (B) a block trade must be for a quantity that is at or in excess of the applicable minimum threshold as specified in the relevant Contract specifications.

(2) Orders may not be aggregated in order to achieve the minimum transaction size, except by: (A) a commodity trading advisor ("CTA") commodity trading advisor registered under the CEA; (B) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the CEA and Commission Regulations thereunder; and (C) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States of America, in each case with total assets under management exceeding US\$25 million, may satisfy this requirement by aggregating orders for different accounts that are under management or control by such commodity trading advisor, investment adviser, or other Person.

(3) Multi-legged transactions may be executed as block trades, provided that the sum of the legs of the block trade meets the minimum size requirement for the Contract.

(4) Each Person to a block trade must be an Eligible Contract Participant (as such term is defined in Section 1a(18) of the CEA); provided that, if the Block Trade is entered into on behalf of Customers by (A) a commodity trading advisor registered under the Act, (B) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the Act and Commission Regulations thereunder or (C) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States of America, in each case with total assets under management exceeding US\$25 million, then only such commodity trading advisor or investment adviser, as the case may be, but not the individual Customers, need to so qualify.

(5) Only Trading Privilege Holders can be the executing parties to a Block Trade reported to the Exchange.

(A) In order for a party that satisfies the requirements of paragraph (a)(2) above and is not a Trading Privilege Holder to effectuate a Block Trade, that party must utilize a Trading Privilege Holder eligible to act in an agency capacity for that party to execute the Block Trade on behalf of that party in an agency capacity

(B) A Trading Privilege Holder that acts as a broker for a Customer which satisfies the requirements of paragraph (a)(2) above may authorize the Customer to directly negotiate Block Trades for which the Trading Privilege Holder is the executing party in its agency capacity as broker for that Customer, provided that the other requirements of this Rule 601 are satisfied..

(c) The price at which a block trade is executed must be fair and reasonable in light of:

(A) the size of the block trade;

(B) the prices and sizes, at the time of the agreement to the Block Trade, of Orders in the CLOB for the same Contract, the same contract on other markets including without limitation the underlying cash market or related futures markets;

(B) the prices and sizes, at the time of the agreement to the Block Trade, of transactions in the same Contract, the same contract on other markets, and similar or related contracts on the Exchange and other markets, including without limitation the underlying cash market or related futures markets, at the relevant time;

(C) the circumstances of the markets or the parties to the block trade; and

(D) whether the Block Trade is executed as a multi-legged Order.

The guidelines in this paragraph shall apply in determining whether the execution price of a Block Trade is “fair and reasonable.” These guidelines are general and may not be applicable in each instance. Whether the execution price of a Block Trade is “fair and reasonable” depends upon the particular facts and circumstances. In the event the quantity present in the Order book is greater or equal to the quantity needed to fill an Order of the size of the Block Trade, it would generally be expected 106 that the Block Trade price would be better than the price present in the Order book. In the event the quantity present in the Order book is less than the quantity needed to fill an Order of the size of the Block Trade, it would generally be expected that the Block Trade price would be relatively close to the price present in the Order book and that the amount of the differential between the two prices would be smaller to the extent that the differential between the quantity present in the Order book and the Block Trade quantity is smaller.

(d) Block Trade Records.

(1) Each Trading Privilege Holder that acts as agent for a Block Trade shall record the following details on its order ticket: (i) the Contract (including the expiration); (ii) the number of contracts traded; (iii) the price of execution or premium; (iv) the time of execution (i.e., the time at which the parties agreed to the Block Trade); (v) the arrangement time, if any (i.e., the time at which the parties agreed to enter into the Block Trade at a later time); (vi) the identity of the counterparty; (vii) that the transaction is a Block Trade; (viii) if applicable, the account number of the Customer for which the

Block Trade was executed; and (ix) if applicable, the expiration, strike price and type of option (put or call) in the case of an option.

(2) Every Trading Privilege Holder handling, executing, clearing or carrying Block Trades or positions shall identify and mark as such by appropriate symbol or designation all Block Trades or positions and all orders or records pertaining thereto.

(3) Each Trading Privilege Holder involved in any Block Trade shall either maintain records evidencing compliance with the criteria set forth in this Rule 601 or be able to obtain such records from its Customer involved in the Block Trade. Upon request by the Exchange and within the time frame designated by the Exchange, any such Trading Privilege Holder shall produce satisfactory evidence, including any required order ticket, that the Block Trade meets the requirements set forth in this Rule 601. Each Clearing Member carrying a Customer account for which a Block Trade is executed shall be responsible for obtaining and submitting to the Exchange in a timely and complete manner the records of its Customer regarding the Block Trade.

(e) A Trading Privilege Holder may execute an Order placed for a nondiscretionary Customer account by means of a Block Trade only if the Customer has previously consented thereto. This consent may be obtained on either a trade-by-trade basis or for all such Orders.

(f) Block Trades between affiliated parties are permitted only if the following three conditions are satisfied:

(1) the Block Trade is priced on a competitive market price, either by falling within the contemporaneous bid-ask spread on the Order book or calculated based on a contemporaneous market price in a related cash market;

(2) each party to the Block Trade has a separate and independent legal bona fide business purpose for engaging in the Block Trade; and

(3) each party's decision to enter into the Block Trade is made by a separate and independent decision-maker.

An affiliated party for this purpose is a party that directly or indirectly through one or more Persons controls, is controlled by or is under common control with another party.

(g) Parties involved in the solicitation or negotiation of a Block Trade may not disclose the details of those communications to any other party for any purpose other than to facilitate the execution of the Block Trade. Parties privy to non-public information regarding a consummated Block Trade may not disclose such information to any other party prior to the public report of the Block Trade by the Exchange. A broker negotiating a Block Trade on behalf of a Customer may disclose the identity of the Customer to potential counterparties, including the counterparty with which the Block Trade is consummated, only with the permission of the Customer.

(1) Parties to a potential Block Trade may engage in pre-hedging or anticipatory hedging of the position that they believe in good faith will result from consummation of the Block Trade, except for an intermediary that takes the opposite side of its own Customer order. In such instances, prior to the consummation of the Block Trade, the intermediary is prohibited from offsetting the position established by the Block Trade in any account which is owned or controlled by the intermediary, in which an ownership interest is held by the intermediary, or which is a proprietary account of the employer of the intermediary. The intermediary may enter into transactions to offset the position only after the Block Trade has been consummated.

(2) The Exchange may proceed with an enforcement action when the facts and circumstances of pre-hedging suggest deceptive or manipulative conduct by any of the involved parties, including when an intermediary handling a customer order acts against its customer's best interests. The guidance in this paragraph (m) applies only in the context of pre-hedging of Block Trades. This guidance does not affect any requirement under the CEA or CFTC Regulation.

(3) Parties solicited to provide a two-sided Block Trade market are not deemed to be in possession of non-public information provided that side of market is not disclosed in the context of the solicitation.

(h) It shall be a violation of this Rule for a Person to engage in the front running of a Block Trade when acting on material non-public information regarding an impending transaction by another Person, acting on non-public information obtained through a confidential employee/employer relationship, broker/customer relationship or in breach of a pre-existing duty.

## **RULE 602. Exchange of Derivatives for Related Positions**

(a) The following transactions shall be permitted by arrangement between parties in accordance with the requirements of this Rule:

(1) Exchange for Risk ("EFR"). A privately negotiated and simultaneous exchange of a futures position in a Contract for a corresponding OTC swap or other OTC instrument.

(2) Exchange of Options for Options ("EOO"). A privately negotiated and simultaneous exchange of an option position in a Contract for a corresponding OTC option position or other OTC instrument with similar characteristics.

(3) Exchange for Physical ("EFP"). A privately negotiated and simultaneous exchange of an futures position in a Contract for a corresponding cash position.

(4) For purposes of this rule, an EFR, EOO, EFP shall be referred to as an Exchange of Derivatives for Related Position (“EDRP”).

(b) Nature of an EDRP.

(1) If and to the extent permitted by the rules governing the applicable Contract, a bona fide EDRP may be entered into off of the Exchange with respect to a Contract at a price mutually agreed upon by the parties to such transaction. An EDRP transaction must conform to the applicable requirements set forth in this Rule 602. Each EDRP must contain the following three essential elements:

(A) a transaction in a Contract that is listed on the Exchange and a transaction in a related position or an option on the related position (known as the “Related Position”);

(B) an actual transfer of ownership, which must include (i) an ability to perform the EDRP and ii) a transfer of title of the Contract and Related Position upon consummation of the exchange; and

(C) separate parties, such that the accounts involved on each side of the EDRP have different beneficial ownership or are under separate control, provided that separate profit centers of a futures commission merchant operating under separate control are deemed to be separate parties for purposes of this Rule 602.

(c) Parties to an EDRP.

(1) An EDRP consists of two discrete but related simultaneous transactions. One party to the EDRP must be the buyer of (or the holder of the long market exposure associated with) the related position and the seller of the corresponding Contract. The other party to the EDRP must be the seller of (or the holder of the short market exposure associated with) the related position and the buyer of the corresponding Contract. Each party to an EDRP transaction must satisfy any applicable Commission requirements regarding eligibility to participate in the transaction. Further, the quantity of the Related Position traded in an EDRP must correlate to the quantity represented by the Contract portion of the transaction.

(2) Only Trading Privilege Holders can be the executing parties to an EDRP transaction reported to the Exchange. In order for a party that satisfies the requirements of the preceding paragraph and is not a Trading Privilege Holder to effectuate an EDRP transaction, that party must utilize a Trading Privilege Holder eligible to act in an agency capacity for that party to execute the EDRP transaction on behalf of that party in an agency capacity. A Trading Privilege Holder that acts as a broker for a Customer which satisfies the requirements of the preceding paragraph may authorize the Customer to directly negotiate EDRP transactions for which the Trading Privilege Holder is the executing party in its agency capacity as broker for that Customer, provided that the other requirements of this Rule 602 are satisfied.

(d) Related Positions. The related position (in the cash commodity) must be a derivative or related product of such Contract that has a reasonable degree of price correlation and quantitative equivalence to the Contract.

(e) Quantity. The quantity covered by the related position must be approximately equivalent to the quantity covered by the Exchange Contracts.

(f) Prices and Price Increments. An EDRP transaction may be entered into in accordance with the applicable price increments or option premium increments set forth in the Rules governing the pertinent Contracts, at such prices as are mutually agreed upon by the two parties to the transaction.

(g) The execution of an EDRP transaction may not be contingent upon the execution of another EDRP or related position transaction between the parties where the transactions result in the offset of the related position without the incurrence of market risk that is material in the context of the related position transactions.

(i) EDRP Records.

(1) Each Trading Privilege Holder that acts as agent for an EDRP shall record the following details with respect to the Contract leg of the EDRP on its order ticket: (i) the Contract (including the expiration); (ii) the number of contracts traded; (iii) the price of execution or premium; (iv) the time of execution (i.e., the time at which the parties agreed to EDRP); (v) the arrangement time, if any (i.e., the time at which the parties agreed to enter into the transaction at a later time); (vi) the identity of the counterparty; (vii) that the transaction is an EDRP; (viii) the account number of the Customer for which the EDRP was executed; and (ix) the identity, quantity and price or premium of the Related Position (including the expiration, strike price, type of option (put or call) and delta in the case of an option). Every Trading Privilege Holder handling, executing, clearing or carrying EDRP transactions or positions shall identify and mark as such by appropriate symbol or designation all EDRP transactions or positions and all orders and records pertaining thereto.

(2) Each Trading Privilege Holder involved in any EDRP transaction shall either maintain records evidencing compliance with the criteria set forth in this Rule 602 or be able to obtain such records from its Customer involved in the EDRP transaction. Such records shall include, without limitation, those documents relevant to the Exchange Contract and the cash, OTC swap, OTC option, or other OTC derivative, including all documents customarily generated in accordance with relevant market practices and any documents reflecting payment and transfer of title. Any such documents must be provided to the Exchange upon request, and it shall be the responsibility of the carrying Clearing Member to provide such requested documentation on a timely basis.

(j) Account Requirements. The accounts involved in the execution of an EDRP transaction must be:

- (1) independently controlled accounts with different beneficial ownership; or
- (2) independently controlled accounts of separate legal entities with the same beneficial ownership, provided that the account controllers operate in separate business units; or
- (3) independently controlled accounts within the same legal entity, provided that the account controllers operate in separate business units; or
- (4) commonly controlled accounts of separate legal entities, provided that the separate legal entities have different beneficial ownership.

(k) Large Trader Requirements for EDRP Transactions. Each Clearing Member, Trading Privilege Holder, omnibus account and foreign broker submitting large trader positions in accordance with Rule 532 must submit for each reportable account the EDRP volume bought and sold in the reportable instrument, by contract month, and additionally for EOOs, by put and call strike. The information must be included in the daily Large Trader report to the Exchange.

### **RULE 603. Timing and Reporting Requirements for Privately Negotiated Trades**

(a) Timing. The timing of a Block Trade or an EDRP (each a “Privately Negotiated Trade”) must satisfy all of the following three requirements:

- (1) The agreement to a Privately Negotiated Trade may only occur during the Trading Hours for that Contract, when that Contract is not halted or suspended (“Permissible Agreement Period”). An agreement to a Privately Negotiated Transaction includes, without limitation, agreement to the quantity and actual price or premium of the Block Trade or the Contract leg of the EDRP transaction, as applicable.
- (2) Unless otherwise specified in the relevant Contract specifications, a Block Trade must be fully reported to the Exchange without delay and by no later than ten minutes after the transaction is agreed upon (“Block Trade Reporting Deadline”) and an EDRP transaction must be fully reported to the Exchange without delay and by no later than thirty minutes after the transaction is agreed upon (“EDRP Reporting Deadline”). The Reporting Deadlines are measured from the time the transaction is agreed upon to the time that the full report of the transaction is received by the Cboe Digital Trading System matching engine.
- (3) A Privately Negotiated Trade must be fully reported to the Exchange during the Trading Hours, or a queuing period, for that Contract, when that Contract is not suspended (“Permissible Reporting Period”).



Accordingly, in order to satisfy the requirements of this subparagraph (d), the time periods in which a Privately Negotiated Trade may occur are limited to those time periods in which: (i) the transaction is agreed to within a Permissible Agreement Period; and (ii) the transaction is able to be fully reported to the Exchange within a Permissible Reporting Period by no later than the applicable Reporting Deadline.

Privately Negotiated Trades in an expiring Contract on the last trading day for that Contract may not be agreed to or reported to the Exchange after the termination of Trading Hours in the expiring Contract on that trading day.

(b) Each party to a Privately Negotiated Trade shall comply with all applicable Rules of the Exchange other than those which by their terms only apply to trading through the Cboe Digital Trading System on the CLOB. Trading Privilege Holders that execute or clear Privately Negotiated Trades on behalf of Customers are responsible for ensuring that their Customers that engage in Privately Negotiated Trades in Contracts traded on the Exchange are fully informed regarding Exchange requirements relating to Privately Negotiated Trades. Each Privately Negotiated Trade shall be designated as a Block Trade or EDRP, as applicable, in Exchange Market Data and be cleared through the Clearing House as if it were a transaction executed through the Cboe Digital Trading System on the CLOB.

(c) Authorized Reporter. Each Trading Privilege Holder executing a Privately Negotiated Trade must have at least one designated individual that is pre-authorized by a Clearing Member to report Block Trades and EDRPs on behalf of the Trading Privilege Holder ("Authorized Reporter"). To the extent required by Applicable Law, an Authorized Reporter must be registered or otherwise permitted by the appropriate regulatory body or bodies to act in the capacity of an Authorized Reporter and to conduct related activities. Only an Authorized Reporter of a Trading Privilege Holder will be allowed to report a Privately Negotiated Trade on behalf of that Trading Privilege Holder. A Clearing Member that authorizes an Authorized Reporter to report Privately Negotiated Trades on behalf of a Trading Privilege Holder accepts responsibility for all such transactions reported to the Exchange by that Authorized Reporter on behalf of the Trading Privilege Holder. Any designation of an Authorized Reporter or revocation of a previous designation of an Authorized Reporter, including any termination of the guarantee provided for in the preceding sentence, must be made in a form and manner prescribed by the Exchange and shall become effective as soon as the Exchange is able to process the designation or revocation. Both the parties to and Authorized Reporters for a Privately Negotiated Trade are obligated to comply with the requirements set forth in Rule 601 and Rule 602, as applicable, and Rule 603, and any of these parties or Authorized Reporters may be held responsible by the Exchange for noncompliance with those requirements.

(d) Reporting.

(1) Each party to a Privately Negotiated Trade is obligated to have an Authorized Reporter notify the Exchange of the terms of the Privately Negotiated Trade after the applicable transaction is agreed upon. This notification must be made in accordance with subparagraph (d)(3) below within a Permissible Reporting Period by no later than the applicable Reporting Deadline. All Privately Negotiated Trades will be submitted for clearing on the Business Day during which the transaction is fully reported to the Exchange.

(2) The notification to the Exchange of a Privately Negotiated Trade shall include (i) whether the Block Trade or the component of the EDRP transaction in a Contract is a single leg transaction or a transaction in a multi-leg transaction; (ii) the Contract identifier (or product and contract expiration for a future or product, expiration, strike price and type of option (put or call) in the case of an option), price (or premium for an option) and quantity of the Block Trade or the Contract leg of an EDRP, as applicable, and whether the Block Trade or the Contract leg of an EDRP, as applicable, is buy or sell; (iii) the time of execution (i.e., the time at which the parties agreed to the transaction); (iv) the arrangement time, if any (i.e., the time at which the parties agreed to enter into the transaction at a later time); (v) Order Entry Operator ID; (vi) FIRM code (i.e., Clearing FIRM code and Trading Privilege Holder FIRM code); (vii) account; (viii) Customer Type Indicator code; (ix) the identity, quantity and price or premium of the Related Position (including the expiration, strike price, type of option (put or call) and delta in the case of an option), applicable only to EDRP transactions' and (x) any other information required by the Exchange.

(3) Authorized Reporters shall provide notification to the Exchange of Privately Negotiated Trades by reporting them to the Cboe Digital Trading System in a form and manner prescribed by the Exchange. The Cboe Digital System includes a mechanism, in a form and manner provided by the Exchange, for Authorized Reporters to enter required information regarding a Privately Negotiated Trade as further described below.

(A) If the parties to a Privately Negotiated Trade are each utilizing a different Authorized Reporter to notify the Exchange of the terms of the transaction:

(i) The Authorized Reporter that is the initiator of the notification of the transaction is able to enter information into the Cboe Digital Trading System regarding the transaction.

(ii) The Authorized Reporter for the contra side of the transaction is able to accept within the Cboe Digital Trading System the notification to the Exchange of the transaction as entered by the initiating Authorized Reporter and to enter contra side information for the transaction into the Cboe Digital Trading System.

(iii) The Authorized Reporter that is the initiator of the notification of the transaction may not cancel or revise the notification after it has been entered into the Cboe Digital Trading System while it awaits acceptance by the Authorized Reporter for the contra side of the transaction.

(iv) The Authorized Reporter that is the initiator of the notification of the transaction must enter the required information for the transaction into the Cboe Digital Trading System and provide the reference ID generated by the Cboe Digital Trading System to the Authorized Reporter for the contra side of the transaction promptly enough to allow a reasonable amount of time for the contra side Authorized Reporter to accept

the notification to the Exchange of the transaction as entered by the initiating Authorized Reporter and enter contra side information for the transaction within a Permissible Reporting Period by no later than the applicable Reporting Deadline.

(B) If the parties to a Privately Negotiated Trade are each utilizing the same Authorized Reporter to notify the Exchange of the terms of the Privately Negotiated Trade, the Authorized Reporter is able to enter all of the required information regarding both sides of the transaction into the Cboe Digital Trading System and to fully report the transaction to the Exchange.

(4) A Privately Negotiated Trade may not be changed or canceled after it has been fully reported to the Exchange, except to the extent that the transaction may be busted by the Exchange in accordance with Rule 539.

(5) For timing purposes in connection with measuring adherence to Permissible Reporting Periods and the applicable Reporting Deadline, a Privately Negotiated Trade shall be deemed to have been fully reported to the Exchange when the full report of the transaction has been received by the Cboe Digital Trading System matching engine following either:

(A) notification to the Cboe Digital Trading System of required information relating to the transaction by an initiating Authorized Reporter and acceptance and notification to the Cboe Digital Trading System of required information relating to the transaction by the contra side Authorized Reporter; or

(B) notification to the Cboe Digital Trading System of required information relating to the transaction by a single Authorized Reporter for both parties to the transaction.

(e) The Exchange may modify a Permissible Agreement Period, Reporting Deadline, Permissible Reporting Period, and/or permissible manner of notification to the Exchange of a Privately Negotiated Trade in the event of unusual circumstances.

(f) The Exchange or Cboe Digital Trading System may reject the submission of a Privately Negotiated Trade or bust a Block Trade or Contract leg of an EDRP that does not conform, or that is reported to the Exchange in a manner that does not conform, to the requirements of this Rule, Rule 601 or Rule 602, as applicable. The acceptance by the Exchange or Cboe Digital Trading System of the submission of a Privately Negotiated Trade does not constitute a determination by the Exchange that the transaction was effected or reported in conformity with the requirements of the Rule, Rule 601 or Rule 602, as applicable. A Privately Negotiated Trade that is accepted and not busted or rejected by the Exchange or Cboe Digital Trading System shall be processed and given effect, but will be subject to appropriate disciplinary action in accordance with the Rules of the Exchange if it was not effected or reported in conformity with the requirements of this Rule.

(g) It is not permissible to facilitate the execution of a Privately Negotiated Trade in an Exchange product on a system or facility accessible to multiple parties that allows for the electronic matching or electronic acceptance of bids and offers. Parties may use communication technologies to bilaterally request Privately

Negotiated Trade quotes from one or more parties and to conduct Privately Negotiated Trades. Parties may also utilize technologies supported by third parties which allow for the electronic posting of indicative Privately Negotiated Trade markets displayed to multiple parties. However, Privately Negotiated Trade executed between parties based on such electronically displayed indicative markets may be transacted only through direct bilateral communications involving a broker, where applicable, and the parties to a Privately Negotiated Trade. To demonstrate that a Privately Negotiated Trade based on such technologies was privately negotiated, the broker(s) or parties involved in the Block Trade must maintain and provide to the Exchange, when requested, documentation or correspondence that clearly evidences direct bilateral communications between the broker(s) and the parties to the Privately Negotiated Trade. Failure to provide such documentation or communication would render the Privately Negotiated Trade in violation of the private negotiation standard of this subparagraph (g).

(p) Any Privately Negotiated Trade in violation of the requirements of this Rule, Rule 601 or Rule 602, as applicable, shall constitute conduct which is inconsistent with just and equitable principles of trade.

## **CHAPTER 7: DISCIPLINARY RULES**

### **RULE 701. General**

- (a) All Trading Privilege Holders and any Related Party shall be subject to the Exchange's disciplinary jurisdiction. All Trading Privilege Holders and any Related Party are subject to this Chapter 7 if they, or with respect to a Trading Privilege Holder, any other Person using any of its User IDs, are alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any Rule of the Exchange or any provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction.
- (b) The Exchange, through the Market Regulation Department and the Disciplinary Panel, will conduct inquiries, investigations, disciplinary proceedings and appeals from disciplinary proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with this Chapter 7.
- (c) No Exchange Official, Director, or Officer will interfere with or attempt to influence the process or resolution of any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action (collectively "Disciplinary Action"), except to the extent provided under the Cboe Digital Exchange Rules with respect to a proceeding in which the Director is a member of the relevant Appeal Panel.
- (d) Any Trading Privilege Holder may be represented by counsel during any Disciplinary Action pursuant to this Chapter 7.
- (e) Trading Privilege Holder Liability – Individual and Joint Liability/Controlling Person Liability

- (1) The Exchange may hold a Trading Privilege Holder liable for, and impose sanctions against such Trading Privilege Holder, for such Trading Privilege Holder's own acts and omissions that constitute a violation as well as for the acts and omissions of each (A) Authorized Trader authorized by such Trading Privilege Holder, (B) Related Party of such Trading Privilege Holder, (C) other Person using a User ID of such Trading Privilege Holder or (D) other agent or representative of such Trading Privilege Holder, in each case, that constitute a violation as if such violation were that of the Trading Privilege Holder.
- (2) The Exchange may hold an Authorized Trader liable for, and impose sanctions against such Authorized Trader, for such Authorized Trader's own acts and omissions that constitute a violation as well as or for the acts and omissions of any other agent or representative of such Authorized Trader that constitute a violation as if such violation were that of the Authorized Trader.

(f) Ex Parte Communications.

- (1) A Person subject to a disciplinary proceeding or an appeal from a disciplinary proceeding (and any counsel or representative of such Person) and the Market Regulation Department (and any counsel or representative of the Market Regulation Department) shall not knowingly make or cause to be made an *ex parte* communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any member of the Disciplinary Panel or the Appeal Panel hearing such proceeding.
- (2) Members of a Disciplinary Panel or Appeal Panel shall not knowingly make or cause to be made an *ex parte* communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any Person subject to such proceeding (and any counsel or representative of such Person) and the Market Regulation Department (and any counsel or representative of the Market Regulation Department).
- (3) Any Person who receives, makes or learns of any communication that is prohibited by this rule shall promptly give notice of such communication and any response thereto to the Market Regulation Department and all parties to the proceeding to which the communication relates.
- (4) A Person shall not be deemed to have violated this rule if the Person refuses an attempted communication concerning the merits of a proceeding as soon as it becomes apparent the communication concerns the merits.

## **RULE 702. Inquiries and Investigation**

- (a) The Market Regulation Department will investigate any matter within the Exchange's jurisdiction of which it becomes aware. The Market Regulation Department will commence an investigation upon the receipt of a request from Commission staff or upon the discovery or receipt of information by the Exchange that, in the judgment of the Market Regulation Department indicates a possible basis for finding that a violation

has occurred or will occur. The Market Regulation Department will determine the nature and scope of its inquiries and investigations in its sole discretion and will function independently of any commercial interests of the Exchange.

(b) The Market Regulation Department has the authority to:

- (1) initiate and conduct inquiries and investigations;
- (2) prepare investigative reports and make recommendations concerning initiating disciplinary proceedings;
- (3) prosecute alleged violations within the Exchange's disciplinary jurisdiction; and,
- (4) represent the Exchange on appeal from any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

(c) Each Trading Privilege Holder and any Related Party:

(1) is obligated to appear and testify and respond in writing to interrogatories within the time period required by the Market Regulation Department in connection with:

- i. any Cboe Digital Rule;
- ii. any inquiry or investigation; or
- iii. any preparation and presentation during a Disciplinary Action;

(2) is obligated to produce books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control within the time period required by the Market Regulation Department in connection with:

- i. any Cboe Digital Rule;
- ii. any inquiry or investigation; or
- iii. any preparation and presentation during a Disciplinary Action; and

(3) may not impede or delay any Disciplinary Action.

### **RULE 703. Reports of Investigations**

(a) The Market Regulation Department will maintain a log of all investigations and their disposition. The Market Regulation Department will prepare a written report of each investigation, regardless of whether the evidence gathered during any inquiry or investigation forms a reasonable basis to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur or whether the evidence gathered results in closing the matter without further action or through summary action.

(b) Any written report of investigation ("Investigative Report") will include the reasons for initiating the investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered,

Market Regulation Department staff's analysis and conclusions, the Trading Privilege Holder's or Related Party's disciplinary history at the Exchange, and the recommendation of the Market Regulation Department. For each potential respondent, the Market Regulation Department will recommend either:

- (1) closing the investigation without further action;
- (2) settlement;
- (3) summary action;
- (4) the preparation and service of a notice of charges for instituting a disciplinary proceeding; or,
- (5) resolving the investigation through an informal disposition, including the issuance of a warning letter. An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction, however, the investigative report must include a copy of any warning letter and no more than one warning letter for the same potential violation may be issued to the same Trading Privilege Holder or Related Party during a rolling 12-month period.

- (c) The Investigative Report will be provided to the Chief Regulatory Officer for a determination as to whether the Investigative Report is complete. The Chief Regulatory Officer will then provide the completed Investigative Report to the Review Panel of the Disciplinary Panel.

#### **RULE 704. Opportunity to Respond**

- (a) After completing its investigation report, the Market Regulation Department may, upon approval of the Chief Regulatory Officer, notify each potential respondent that the Market Regulation Department has recommended formal disciplinary charges against the potential respondent.
- (b) The Market Regulation Department may allow a potential respondent to propose a settlement of the matter or to submit a written statement explaining why a disciplinary proceeding should not be instituted or one or more of the potential charges should not be brought. The potential respondent shall submit such written statement within the time limit established by the Market Regulation Department.

#### **RULE 705. Review of Investigative Reports**

- (a) Review of Investigative Reports by the Chief Regulatory Officer
  - (1) Within 30 days of the receipt of a completed Investigative Report, the Chief Regulatory Officer will review the completed Investigation Report to determine whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.
  - (2) If the Chief Regulatory Officer determines that additional investigation or evidence is needed to decide whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur, the Chief Regulatory Officer will direct the Market Regulation Department to conduct further investigation.
  - (3) Upon receiving the completed Investigative Report or after receiving additional information upon the completion of an investigation, the Chief Regulatory Officer will determine for each potential respondent whether to authorize:

- i. the informal disposition of the investigation (by issuing a warning letter or otherwise) because disciplinary proceedings are unwarranted; or
- ii. the closing of the investigation without any action because no reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur; or,
- iii. the commencement of disciplinary proceedings because a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.

(b) Review of Investigative Reports by the Review Panel of the Disciplinary Panel.

(1) After receiving a completed Investigation Report pursuant to Rule 703, a Review Panel must promptly review the report and, within 30 days of such receipt, must take one of the following actions:

- i. If the Review Panel determines that additional investigation or evidence is needed, it must promptly direct the Market Regulation Department to conduct further investigation.
- ii. If the Review Panel determines that no reasonable basis exists for finding a violation or that prosecution is otherwise unwarranted, it may direct that no further action be taken. Such determination must be in writing, and must include a written statement setting forth the facts and analysis supporting the decision.
- iii. If the Review Panel determines that a reasonable basis exists for finding a violation and adjudication is warranted, it must direct that the person or entity alleged to have committed the violation be served with a notice of charges and proceed in accordance with the rules of Chapter 7.

(2) A failure of the Disciplinary Panel to act within the time prescribed in Rule 705(b) shall not prevent the Chief Regulatory Officer from acting pursuant to Rule 705(a). The Chief Regulatory Officer shall inform the Regulatory Oversight Committee of any such failure of the Disciplinary Panel to act.

(3) Any conflict between the actions of the Chief Regulatory Officer pursuant to Rule 705(a) and the Disciplinary Panel pursuant to Rule 705(b) shall be resolved by the Regulatory Oversight Committee.

## **RULE 706. Notice of Charges**

(a) If the Chief Regulatory Officer or Review Panel authorizes disciplinary proceedings pursuant to Rule 705(a)(3)(iii) or 703(b)(1)(iii), the Market Regulation Department will prepare, and serve in accordance with Rule 708, a notice of charges.

(b) A notice of charges will:

- (1) state the acts, practices or conduct that the respondent is alleged to have engaged in;
- (2) state the Cboe Digital Rule or provision of Applicable Law alleged to have been violated or about to be violated;



- (3) state the proposed sanctions;
- (4) advise the respondent of its right to a hearing;
- (5) advise the respondent that he has the right to be represented by legal counsel or any other representative of its choosing in all succeeding stages of the disciplinary process;
- (6) state the period of time within which the respondent can request a hearing on the notice of charges, which will not be less than 20 days after service of the notice of charges;
- (7) advise the respondent that any failure to request a hearing within the period stated, except for good cause, will be deemed to constitute a waiver of the right to a hearing; and
- (8) advise the respondent that any allegation in the notice of charges that is not expressly denied will be deemed to be admitted.

### **RULE 707. Answer to Notice of Charges**

- (a) If the respondent determines to answer a notice of charges, the respondent must file answers within 20 days after being served with such notice, or within such other time period determined by the Chief Regulatory Officer.
- (b) To answer a notice of charges, the respondent must in writing:
  - (1) specify the allegations that the respondent denies or admits;
  - (2) specify the allegations that the respondent does not have sufficient information to either deny or admit;
  - (3) specify any specific facts that contradict the notice of charges;
  - (4) specify any affirmative defenses to the notice of charges; and
  - (5) sign and serve the answer on the Chief Regulatory Officer.
- (c) Any failure by the respondent to timely serve an answer to a notice of charges will be deemed to be an admission to the allegations in such notice. Any failure by the respondent to answer one or more allegations in a notice of charges will be deemed to be an admission of that allegation or those allegations. Any allegation in a notice of charges that the respondent fails to expressly deny will be deemed to be admitted. A general denial by the respondent, without more, will not satisfy the requirements of paragraph (b) above.

### **RULE 708. Service of Notice of Charges**

- (a) Any notice of charges or other documents to be served pursuant to this Chapter 7 may be served upon the respondent and service shall be deemed complete either personally or by leaving the same at his or her place of business; by deposit in the United States mail, postage prepaid, via registered or certified mail addressed to the respondent at the address as it appears on the books and records of the Exchange.
- (b) Any notice of charges or other documents contemplated to be served pursuant to this Chapter 7 may be served upon the respondent and service shall be deemed complete via electronic mail to the electronic mail address as it appears on the books and records of the Exchange.

## **RULE 709. Settlements**

- (a) A respondent or potential respondent may at any time propose in writing an offer of settlement related to anticipated or instituted disciplinary proceedings.
- (b) Any offer of settlement should contain proposed findings and sanctions and be signed by the respondent or potential respondent and submitted to the Market Regulation Department.
- (c) A respondent or potential respondent may offer to settle disciplinary proceedings without admitting or denying the findings contained in the order of the disciplinary proceedings but must accept the jurisdiction of the Exchange over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed.
- (d) If a respondent or potential respondent submits an offer of settlement in accordance with paragraph (a) above, the Market Regulation Department will forward the offer to the Chief Regulatory Officer with a recommendation on whether to accept or reject the offer. Any preliminary determination by the Chief Regulatory Officer to accept the offer shall be submitted for review by the Disciplinary Panel. If the Disciplinary Panel agrees, then the Chief Regulatory Officer shall conditionally accept an offer of settlement, and that the settlement will become final upon the expiration of 20 days after an order of the disciplinary proceedings consistent with the terms of the offer of settlement is served on the respondent.
- (e) If an offer of settlement is accepted by the Disciplinary Panel, the panel accepting the offer must issue a written decision specifying the rule violations it has reason to believe were committed, including the basis or reasons for the panel's conclusions, and any sanction to be imposed, which must include full customer restitution where customer harm is demonstrated. If an offer of settlement is accepted without the agreement of the Market Regulation Department or Chief Regulatory Officer, the decision must adequately support the Hearing Panel's acceptance of the settlement. If applicable, the decision must also include a statement that the respondent has accepted the sanctions imposed without either admitting or denying the rule violations.
- (f) If an offer of settlement is accepted and the related order of disciplinary proceedings becomes final, the respondent's submission of the offer will be deemed to constitute a waiver of the right to notice, opportunity for a hearing and review and appeal under the Cboe Digital Exchange Rules.
- (g) If the offer of settlement of a respondent or potential respondent is not accepted by agreement between the Chief Regulatory Officer and the Disciplinary Panel, fails to become final or is withdrawn by the respondent or potential respondent, the matter will proceed as if the offer had not been made and the offer and all documents relating to it will not become part of the record. Neither a respondent or potential respondent nor the Market Regulation Department may use an unaccepted offer of settlement as an admission or in any other manner at a hearing of, or appeal from, disciplinary proceedings.

## **RULE 710. Disciplinary Panel**

- (a) The Disciplinary Panel shall function as a Review Panel and Hearing Panel.
  - (1) The Review Panel shall review completed Investigative Reports in order to determine whether a reasonable basis exists for finding a violation of the Exchange's rules and for authorizing the issuance of notices of charges against persons.
  - (2) The Hearing Panel shall conduct hearings in connection with any disciplinary proceedings (except for summary impositions of fines pursuant to Rule 717), to make findings, render decisions, and impose sanctions pursuant to this Chapter 7.
- (b) The Board shall appoint individuals at the recommendation of the Chief Regulatory Officer to serve for a term of one-year, subject to reappointment by the Board, as potential participants on the Disciplinary Panels. The Chief Regulatory Officer shall recommend at least three individuals that will satisfy the conditions of a Public Individuals and at least three individuals who represent the diversity of market participants' interests. The term of an individual that has been selected as a member of a Disciplinary Panel will not expire until the related proceedings are completed. Exchange staff are prohibited from serving on a Disciplinary Panel.
- (c) The chair of any Review Panel or Hearing Panel shall be a Public Individual.
- (d) The Chief Regulatory Officer shall select a separate Review Panel and Hearing Panel prior to the commencement of each investigative or disciplinary matter by randomly selecting at least one Public Individual and the remaining individuals from the industry participant pools so that any group or class of industry participants is precluded from dominating or exercising disproportionate influence on the Disciplinary Panel being formed.
- (e) If an individual selected is an Interested Person or if a member of the Disciplinary Panel later becomes an Interested Person, a replacement for such individual shall be randomly selected by the Chief Regulatory Officer. Individuals are prohibited from participating as a member of a Disciplinary Panel if such individual participated on a prior Disciplinary Panel proceeding in the same matter.
- (f) Within 10 days of being notified of the appointment of the Disciplinary Panel, a respondent may seek to disqualify any individual named to the Disciplinary Panel for the reasons identified in Rule 213 or for any other reasonable grounds, including that such individual has a financial interest in the matter or that such individual participated on a prior Disciplinary Panel or Appeal Panel proceeding in the same matter, by serving written notice on the Chief Regulatory Officer. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition of a Disciplinary Panel. The General Counsel of the Exchange will decide the merits of any request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal.

- (g) No person shall serve on a Disciplinary Panel unless that person has agreed in writing that he or she will not publish, divulge, or make known in any manner, any facts or information regarding the business of any person or any other information which may come to his attention in his official capacity as a member of the Disciplinary Panel, except when reporting to the Board or to a committee concerned with such information or to the Market Regulation Department, when requested by the CFTC or other governmental agency or when compelled to testify in any judicial or administrative proceeding.
- (h) All information, records, materials and documents provided to the Disciplinary Panel and all deliberations, testimony, information, records, materials and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further an Exchange investigation or as required by law.

### **RULE 711. Convening Hearings of Disciplinary Proceedings**

- (a) A hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Hearing Panel may appoint an expert to attend any hearing and assist in deliberations if such expert agrees to be subject to an appropriate confidentiality agreement.
- (b) After reasonable notice to each respondent, the Hearing Panel will promptly convene a hearing to conduct the disciplinary proceedings with respect to such respondent. Parties to a disciplinary proceeding include each respondent and the Market Regulation Department.
- (c) The chair of the Hearing Panel may continue, adjourn or otherwise conduct the hearing, as he or she may deem appropriate. The chair of the Hearing Panel will determine all procedural and evidentiary matters, including the admissibility and relevance of any evidence proffered. In determining procedural and evidentiary matters, the chair of the Hearing Panel will not be bound by any evidentiary or procedural rules or law. Once admitted during the hearing, the Hearing Panel may consider, and attach the weight it believes appropriate to, evidence or other materials. The General Counsel of the Exchange, or its designee, will provide guidance to the chair of the Hearing Panel on the conduct of the hearing.
- (d) Except for procedural and evidentiary matters decided by the chair of the Hearing Panel pursuant to paragraph (c) above and Rule 712, unless each respondent otherwise consents, the entire Hearing Panel must be present during the entire hearing and any related deliberations.

### **RULE 712. Respondent Review of Evidence**

- (a) Prior to the commencement of a hearing, each respondent will be given the opportunity to review all books, records, documents, papers, transcripts of testimony and other tangible evidence in the possession or under the control of the Exchange that the Market Regulation Department will use to support the allegations and proposed sanctions in the notice of charges or which the chair of the Hearing Panel deems relevant to the disciplinary proceedings. Notwithstanding the foregoing, no respondent will have the right to review, and the Exchange will have no obligation to disclose, any information protected by attorney-client privilege.

- (b) If any books, records, documents, papers, transcripts of testimony, or other tangible evidence contain information that could adversely affect the competitive position of the Person providing the information or if such information might compromise other investigations being conducted by the Market Regulation Department, the Market Regulation Department may redact, edit or code such information before furnishing it to the respondent.
- (c) Notwithstanding anything in paragraph (b) above to the contrary, the Market Regulation Department:
  - (1) will not redact, edit or code competitive or investigative information contained in documents in a manner that would impair the respondent's ability to defend against the allegations or proposed sanctions in the notices of charges, and
  - (2) will provide the respondent with access to the information and portions of the documents that the Market Regulation Department intends to rely on to support the allegations or proposed sanctions in the notice of charges.
- (d) For purposes of this Rule 712, information that could adversely affect competitive positions include positions in Contracts currently held, trading strategies employed in establishing or liquidating positions, the identity of any Trading Privilege Holder, Related Party or Authorized Trader and the personal finances of the Person providing the information.

### **RULE 713. Conducting Hearings of Disciplinary Proceedings**

- (a) At a hearing conducted in connection with any disciplinary proceedings, the Market Regulation Department will present its case supporting the allegations and proposed sanctions in the notice of charges to the Hearing Panel. If a respondent has timely filed an answer to the notice of charges in accordance with Rule 707, the respondent is entitled to attend and participate in the hearing.
- (b) At a hearing conducted in connection with any disciplinary proceedings, the Hearing Panel or the Market Regulation Department and each respondent may:
  - (1) present evidence and facts determined relevant and admissible by the chair of the Hearing Panel;
  - (2) call and examine witnesses; and
  - (3) cross-examine witnesses called by other parties.
- (c) If the respondent fails to file an answer, has filed a general denial, or if any or all of the allegations in the notice of charges are not expressly denied in the respondent's answer, the chair of the Hearing Panel may limit evidence concerning any allegations not expressly denied in determining the sanctions to impose. If a respondent fails to file an answer but appears at the hearing, the respondent may not participate in the hearing (by calling or cross-examining witnesses, testifying in defense, presenting evidence concerning the notice of charges, or otherwise) unless the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer. If the Hearing Panel determines

that the respondent had a compelling reason for failing to timely file an answer, the Hearing Panel will adjourn the hearing and direct the respondent to promptly file a written answer in accordance with Rule 707.

- (d) Any Person entitled, or required or called upon, to attend a hearing before a Hearing Panel pursuant to paragraph (b)(2) above will be given reasonable notice, confirmed in writing, specifying the date, time and place of the hearing, and the caption of the disciplinary proceedings. All Trading Privilege Holders (that are individuals), Authorized Traders and Related Parties that are called as witnesses are required to appear at the hearing and, where applicable, produce evidence. The Exchange will make reasonable efforts to secure the presence of all other Persons called as witnesses whose testimony would be relevant.
- (e) If during any disciplinary proceedings the Hearing Panel determines that a reasonable basis exists to believe that the respondent violated or is about to violate a Rule of the Exchange or a provision of Applicable Law other than the violations alleged in the notice of charges, the Hearing Panel may consider those apparent violations after providing the respondent with an opportunity to answer the additional allegations in accordance with Rule 707. In connection with considering apparent violations pursuant to this paragraph (e), the Hearing Panel may request that the Market Regulation Department provide the Hearing Panel with any additional information related to the violations at issue.
- (f) The Hearing Panel may summarily impose sanctions on any Trading Privilege Holder, Authorized Trader or Related Party that impedes or delays the progress of a hearing.
- (g) The Exchange will arrange for any hearing conducted in connection with disciplinary proceedings to be recorded verbatim, or substantially verbatim, in a manner capable of accurate transcription. If the respondent requests a copy of all or portions of the recording of a hearing, the chair of the Hearing Panel may within his or her sole discretion require the respondent to pay the costs for transcribing the recording of the hearing.
- (h) No interlocutory appeals of rulings of any Hearing Panel or chair of the Hearing Panel are permitted.

#### **RULE 714. Decision of Hearing Panel**

- (a) As promptly as reasonable following a hearing, the Hearing Panel will issue a written order rendering its decision based on the weight of the evidence contained in the record of the disciplinary proceedings. A decision by a majority of the Hearing Panel will constitute the decision of the Hearing Panel.
- (b) The Exchange will serve a copy of the order of the disciplinary proceedings on the respondent and the Market Regulation Department. The order will include:
  - (1) the notice of charges or summary of the allegations;
  - (2) the answer, if any, or a summary of the answer;

- (3) a brief summary of the evidence introduced at the hearing or, where appropriate, incorporation by reference of the Investigation Report;
  - (4) findings of fact and conclusions concerning each allegation, including a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each allegation;
  - (5) each specific Rule of the Exchange and provision of Applicable Law that the respondent is found to have violated
  - (6) the imposition of sanctions, if any, including the basis for such sanctions and the effective date of each sanction; and,
  - (7) notice of the respondent's right to appeal pursuant to Rule 716.
- (c) Unless a timely notice of appeal is filed pursuant to Rule 716, the order of the disciplinary proceedings will become final upon the expiration of 20 days after the order is served on the respondent and provided to the Market Regulation Department.

## **RULE 715. Sanctions**

- (a) After notice and opportunity for hearing in accordance with the Cboe Digital Exchange Rules, the Exchange will impose sanctions if any Trading Privilege Holder, Authorized Trader, Related Party or other Person using any of the Trading Privilege Holder's User IDs is found to have violated or to have attempted to violate a Rule of the Exchange or provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction. All sanctions must take into account the respondent's disciplinary history. In the event of demonstrated customer harm, any sanction must also include full customer restitution.

The Exchange may impose one or more of the following sanctions or remedies:

- (1) censure;
  - (2) limitation on Trading Privileges, ability to otherwise access the Cboe Digital Trading System, and/or other activities, functions or operations;
  - (3) suspension of Trading Privileges and/or ability to otherwise access the Cboe Digital Trading System;
  - (4) fine (subject to paragraph (b) below);
  - (5) restitution or disgorgement;
  - (6) termination of Trading Privileges and/or ability to otherwise access the Cboe Digital Trading System;
- or
- (7) any other sanction or remedy deemed to be appropriate.
- (b) The Exchange may impose a fine of up to \$1,000,000 for each violation of a Rule of the Exchange or a provision of Applicable Law. If a fine or other amount is not paid within 30 days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent. The Exchange has sole discretion to select the bank on whose quotations to base the prime rate. Trading Privilege Holder will be responsible for paying any fine or other amount imposed on, but not paid by, any of its Authorized Traders or Related Parties.

## **RULE 716. Appeal from Hearing Panel Decision, Summary Impositions of Fines and Other Summary Actions**

- (a) A respondent found by the Hearing Panel to have violated (or, in the case of a Trading Privilege Holder, whose Authorized Trader, or Related Party or other Person using its User ID was found to have violated) a Rule of the Exchange or a provision of Applicable Law or who is subject to any summary fine imposed pursuant to Rule 717 or any summary action imposed pursuant to Rule 718 may appeal the decision within 20 days of receiving the order of the disciplinary proceedings or the notice of summary action, as the case may be, by filing a notice of appeal with the Chief Regulatory Officer. While an appeal is pending, the effect of the order of disciplinary proceedings or the summary action (including any sanctions, remedies or costs imposed thereby) shall be suspended, except as provided in Rule 701(f) with respect to any denial or limit on Trading Privileges or ability to otherwise access the Cboe Digital Trading System.
- (b) The notice of appeal must state in writing the grounds for appeal, including the findings of fact, conclusions or sanctions to which the respondent objects. A respondent may appeal the order of disciplinary proceedings or any summary decision on the grounds that:
  - (1) the order or decision was arbitrary, capricious, an abuse of discretion, or not in accordance with the Cboe Digital Exchange Rules;
  - (2) the order or decision exceeded the authority or jurisdiction of the Hearing Panel, the Chief Regulatory Officer or the Exchange;
  - (3) the order or decision failed to observe required procedures;
  - (4) the order or decision was unsupported by the facts or evidence; or
  - (5) the imposed sanctions, remedies or costs are inappropriate or unsupported by the record.
- (c) Upon receipt of a notice of appeal, the Chief Regulatory Officer will forward copies to the non-appealing party to the disciplinary proceeding or summary action. On or before the 20th day after filing a notice of appeal, the appellant must file with the Chief Regulatory Officer and serve on the Market Regulation Department a brief supporting the notice of appeal and documents supporting the brief. On or before the 20th day after the date on which the appellant serves a supporting brief, the appellee must file and serve its brief in opposition with the Market Regulation Department. On or before the 10th day after the date on which the appellee serves its brief in opposition, the appellant must file and serve a brief in reply with the Market Regulation Department.
- (d) In connection with any appeal, the Market Regulation Department will furnish to the Chief Regulatory Officer and to the respondent/appellant a transcript of the hearing, any exhibits introduced at the hearing, the notice of appeal and briefs filed to support and oppose the appeal.
- (e) Within 30 days after the last submission filed pursuant to paragraph (c) above, the Board will appoint an Appeal Panel to consider and determine the appeal. The Board shall appoint individuals at the recommendation of the Chief Regulatory Officer to serve on the Appeal Panel for a term of one year,



subject to reappointment by the Board, as potential participants on Appeal Panels. The Chief Regulatory Officer's recommendation shall include Public Individuals. The term of an individual that has been selected as a member of an Appeal Panel will not expire until the related proceedings are completed. Individuals are prohibited from participating as a member of an Appeal Panel if such individual participated on a prior Disciplinary Panel or Appeal Panel proceeding in the same matter. Exchange staff are prohibited from serving on an Appeal Panel.

- (f) The chair of the Appeal Panel shall be a Public Individual, meaning an individual that satisfies the conditions of a Public Director.
- (g) Within 10 days of being notified of the appointment of the Appeal Panel, an appellant may seek to disqualify any individual named to the Appeal Panel for the reasons identified in Rule 213 or for any other reasonable grounds, including, but not limited that such individual participated on a prior Disciplinary Panel or Appeal Panel proceeding in the same matter, by serving written notice on the Chief Regulatory Officer. By not timely filing a request for disqualification, the appellant will be deemed to have waived any objection to the composition of an Appeal Panel. The General Counsel of the Exchange will decide the merits of any request for disqualification within his or her sole discretion.
- (h) The Appeal Panel will hold a hearing to allow parties to present oral arguments. Any hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Appeal Panel may appoint an expert to attend any hearing and assist in the deliberations if such individuals agree to be subject to appropriate confidentiality agreements. In determining procedural and evidentiary matters, the Appeal Panel will not be bound by evidentiary or procedural rules or law.
- (i) The Appeal Panel will only consider on appeal the record before the Hearing Panel or, in the case of a summary action, the record considered by the Chief Regulatory Officer, the notice of appeal, the briefs filed in support and opposition of the appeal, and any oral arguments of the parties. The Appeal Panel may only consider new evidence when the Appeals Panel determines that good cause exists as to why the evidence was not introduced during the disciplinary proceeding or when imposing the summary action.
- (j) After completing its review, the Appeal Panel may affirm, modify or reverse any order of the disciplinary proceedings or summary action under appeal, in whole or in part, including increasing, decreasing or eliminating any sanction or remedy imposed, imposing any other sanction or remedy authorized by the Cboe Digital Exchange Rules, remanding the matter to the same or a different Hearing Panel for further disciplinary proceedings, or ordering a new hearing.
- (k) As promptly as reasonably possible following its review, the Appeal Panel will issue a written decision based on the weight of the evidence before the Appeal Panel. The decision of the Appeal Panel will include a statement of findings of fact and conclusions for each finding, sanction, remedy and cost reviewed on appeal, including each specific Rule of the Exchange and provision of Applicable Law that

the respondent is found to have violated, if any, and the imposition of sanctions, remedies and costs, if any, and the effective date of each sanction, remedy or cost.

- (l) The Appeal Panel's written order will be the final action of the Exchange and will not be subject to appeal within the Exchange.

## **RULE 717. Summary Imposition of Fines**

- (a) The Chief Regulatory Officer may summarily impose a fine against a Trading Privilege Holder (on behalf of itself or any of its Authorized Traders, Related Parties or other Persons using any of its User IDs) or Authorized Trader for failing:

- (1) to make timely payments of original or variation margin, Options premiums, fees, cost, charges or fines to the Exchange or the Clearing House;
- (2) to make timely and accurate submissions to the Exchange of notices, reports or other information required by the Cboe Digital Exchange Rules; and
- (3) to keep any books and records required by the Cboe Digital Exchange Rules.

- (b) The Market Regulation Department, acting on behalf of the Chief Regulatory Officer, will give notice of any fine imposed pursuant to this Rule 717 to each Trading Privilege Holder or Authorized Trader subject thereto. The notice will specify:

- (1) the violations of the Cboe Digital Exchange Rules for which the fine is being imposed;
- (2) the date of the violation for which the fine is being imposed; and,
- (3) the amount of the fine.

Within 20 days of serving the notice of fine, the Trading Privilege Holder or Authorized Trader, as the case may be, must either pay or cause the payment of the fine or file notice of an appeal pursuant to Rule 716. Unless timely notice of appeal is filed pursuant to Rule 716, the fine will become final upon the expiration of 20 days after the notice of fine is served on the Trading Privilege Holder or Authorized Trader, as the case may be.

- (c) The Exchange will set the amount of any fines imposed pursuant to this Rule 717, with the maximum fine for each violation not to exceed \$5,000. Summary imposition of fines pursuant to this Rule 717 will not preclude the Exchange from bringing any other action against the Trading Privilege Holder (or any of its Authorized Traders or Related Parties) or Authorized Trader, as the case may be.

## **RULE 718. Summary Suspensions and Other Summary Actions**

- (a) Notwithstanding anything in the Cboe Digital Exchange Rules to the contrary, the Chief Regulatory Officer may, after consultation with the Regulatory Oversight Committee, if practicable, summarily

suspend, revoke, limit, condition, restrict or qualify a Trading Privilege Holder's Trading Privileges and/or ability to otherwise access the Cboe Digital Trading System, and may take other summary action against any Trading Privilege Holder or any of its Authorized Traders or Related Parties in accordance with the Cboe Digital Exchange Rules; provided, however, that the Chief Regulatory Officer must reasonably believe that the business, conduct or activities of the Trading Privilege Holder or any of its Authorized Traders or Related Party in question is not in the best interests of the Exchange or the marketplace, including based on any of the following:

- (1) statutory disqualification from registration as provided in CEA Section 8a(2) or (3);
  - (2) nonpayment of fees, costs, charges, fines or arbitration awards; or
  - (3) the reasonable belief that immediate action is necessary to protect the public or the best interests of the Exchange.
- (b) Whenever practicable, the Exchange shall provide prior written notice to the party against whom any action in accordance with paragraph (a) shall be taken. If prior notice is not practicable, the Exchange will give notice at the earliest possible opportunity to the respondent against whom the action is brought.
- (c) Unless timely notice of appeal is filed pursuant to Rule 716, the summary action will become final upon the expiration of 20 days after the notice of action is served on the respondent.
- (d) At the request of the Exchange, a respondent against whom a summary action is brought pursuant to this Rule 718 must provide books and records over which the respondent has access or control and must furnish information to, or appear or testify before, the Exchange in connection with the enforcement of any Rule of the Exchange.
- (e) A respondent whose Trading Privileges and/or ability to otherwise access the Cboe Digital Trading System are suspended, revoked, limited, conditioned, restricted or qualified pursuant to this Rule 718 may apply for reinstatement by filing with the Market Regulation Department a written request stating the applicant's reasons for seeking reinstatement. The Exchange will not consider a respondent's request for reinstatement if the respondent (i) owes any fines, fees, charges or costs to the Exchange, (ii) continues to fail to appear at disciplinary proceedings without good cause or (iii) continues to impede the progress of disciplinary proceedings.
- (f) Within a reasonable period after the filing of a request for reinstatement, the Appeals Panel will conduct a hearing to consider the request. At the hearing for reinstatement, the respondent will present its, his or her case supporting the reinstatement and the Market Regulation Department, acting on behalf of the Chief Regulatory Officer may, in its discretion, present its case opposing or supporting the reinstatement and each may present evidence and facts and call, examine and cross-examine witnesses. At the hearing for reinstatement, the Exchange may require any Trading Privilege Holder, Authorized Trader or Related Party to appear as witnesses and produce evidence if the Appeals Panel determines that the evidence is relevant.

(g) As promptly as reasonably possible after a reinstatement hearing, the Appeals Panel will issue an order reinstating, denying the reinstatement, or placing conditions on the reinstatement of the Trading Privileges and/or ability to otherwise access the Cboe Digital Trading System of the respondent. The order will include a brief summary of the evidence introduced at the reinstatement hearing; and, if applicable, findings of fact and conclusions not contained in the notice of summary action issued pursuant to Rule 718(b) above. The Appeals Panel's order may not be appealed.

## **RULE 719. Rights and Responsibilities after Suspension or Termination**

(a) When a Trading Privilege Holder Trading Privileges and/or its ability or the ability of an Authorized Trader to otherwise access the Cboe Digital Trading System are suspended for a period of 12 months or less, none of its rights (including the right to hold oneself out to the public as a Trading Privilege Holder or Authorized Trader, enter Orders into the Cboe Digital Trading System and receive Trading Privilege Holder rates for fees, costs, and charges and deposit margin at Trading Privilege Holder levels) will apply during the period of the suspension, except for the right of the Trading Privilege Holder or Authorized Trader in question to assert claims against others as provided in the Cboe Digital Exchange Rules. Any such suspension will not affect the rights of creditors under the Cboe Digital Exchange Rules or relieve the Trading Privilege Holder or Authorized Trader in question of its, his or her obligations under the Cboe Digital Exchange Rules to perform any Contracts entered into before the suspension, or for any Exchange fees, costs, or charges incurred during the suspension. The Exchange may discipline a suspended Trading Privilege Holder or Authorized Trader under this Chapter 7 for any violation of a Rule of the Exchange or provision of Applicable Law committed by the Trading Privilege Holder or Authorized Trader before, during or after the suspension.

(b) When a Trading Privilege Holder's Trading Privileges and/or its ability or the ability of an Authorized Trader to otherwise access the Cboe Digital Trading System are terminated, all of its related rights will terminate, except for the right of the Trading Privilege Holder or Authorized Trader in question to assert claims against others, as provided in the Cboe Digital Exchange Rules. Any such termination will not affect the rights of creditors under the Cboe Digital Exchange Rules. A terminated Trading Privilege Holder may only seek to be reinstated by applying for Trading Privileges pursuant to Rule 302 and a terminated Authorized Trader may seek to be re-designated pursuant to Rule 306.

(c) The Exchange will not consider the application or re-designation of a terminated Trading Privilege Holder or Authorized Trader if such Trading Privilege Holder or Authorized Trader, as the case may be, continues to fail to appear at disciplinary proceedings without good cause or continues to impede the progress of disciplinary proceedings.

(d) A suspended or terminated Trading Privilege Holder or Authorized Trader remains subject to the Cboe Digital Exchange Rules and the jurisdiction of the Exchange for acts and omissions prior to the suspension or termination, and must cooperate in any inquiry, investigation, disciplinary proceeding, appeal of disciplinary proceedings, summary suspension or other summary action as if the suspended or terminated Trading Privilege Holder or Authorized Trader still had Trading Privileges or ability to otherwise access the Cboe Digital Trading System.

(e) In the event of the suspension or revocation of a Trading Privilege Holder's Trading Privileges and/or ability to otherwise access the Cboe Digital Trading System, the Exchange shall seek to facilitate the transfer of any Customer Accounts held by such Trading Privilege Holder to other Trading Privilege Holders.

## **RULE 720. Notice to the Respondent and the Public**

The Exchange will provide written notice of disciplinary proceedings to the parties consistent with applicable CFTC Regulations. Whenever the Exchange suspends, expels, fines or otherwise disciplines, or denies any Person access to the Exchange, the Exchange will make the public disclosures required by CFTC Regulations.

## **CHAPTER 8: ARBITRATION RULES**

### **RULE 801. Disputes Subject to Arbitration**

#### (a) Mandatory Arbitration of Disputes Among Trading Privilege Holders.

- (1) It is contrary to the objectives and policy of the Exchange for Trading Privilege Holders to litigate Exchange-related disputes. Trading Privilege Holders must arbitrate all disputes that relate to or arise out of any transaction on or subject to the Cboe Digital Exchange Rules and based upon facts and circumstances that occurred at a time when the parties were Trading Privilege Holders through the American Arbitration Association (“AAA”) in accordance with its Commercial Arbitration Rules. In the event of a conflict between the Rulebook and the AAA’s Commercial Arbitration Rules, the terms of the Rulebook shall control.
- (2) Notwithstanding the foregoing, this Rule 801 does not require an employee of a Trading Privilege Holder to submit to arbitration any claim that includes allegations of a violation of federal, state or local employment discrimination, sexual harassment, wage payment or benefits laws.

#### (b) Claims Against the Exchange or Clearing House.

##### (1) Claims Against the Exchange

Claims against the Exchange pursuant to the provisions of Rules 537 and/or Rule 539 can be submitted to arbitration through the American Arbitration Association or another arbitration program permitted by the CFTC Regulations. Such arbitration shall be conducted pursuant to the Rules and the rules of the arbitration Program.

##### (2) Claims Against the Clearing House

Claims against the Clearing House must be pursued pursuant to the rules of the Clearing House.

#### (c) Permissive Arbitrations.

The following may be submitted for arbitration through the American Arbitration Association and, in the event such a claim is submitted against a Trading Privilege Holder, that Trading Privilege Holder is required to arbitrate the dispute under these Rules, unless otherwise provided:

- (1) claims of a Customer that is not a Trading Privilege Holder against a Trading Privilege Holder that relate to or arise out of any transaction on or subject to the Cboe Digital Exchange Rules;
- (2) claims against a Trading Privilege Holder pursuant to Rule 539;
- (3) claims of a Customer that is not a Trading Privilege Holder against a Clearing Member responsible for the performance of a Contract on or subject to the Cboe Digital Exchange Rules and/or against a Trading Privilege Holder in connection with such a transaction; and

(4) at the discretion of the Chief Regulatory Officer, any claim involving the interests of the Exchange, its Trading Privilege Holders, their business relations or commodity futures trading in general not otherwise arbitrable under these rules, provided the parties have consented to such arbitration.

(d) Waiver of Any Objection to Jurisdiction

Any Person who is not a Trading Privilege Holder who submits a claim or grievance to arbitration or any Person who appeals any arbitration decision, or who takes any steps therein, shall be conclusively presumed to have voluntarily recognized and agreed to the jurisdiction of the American Arbitration Association to hear and determine the claim or appeal.

(e) Referral to the American Arbitration Association.

In the event that a complaint is received by the Exchange from a Customer, it shall be referred to the Market Regulation Department, which shall inform the Customer of the AAA's arbitration program.

(f) Cboe Digital Exchange is adopting the AAA Commercial Arbitration Rules as set forth in the Rule 801. Any violation of the AAA Commercial Arbitration Rules shall be a violation of this Rule 801.

## **RULE 802. Initiating an Arbitration Claim**

(a) A claimant may initiate a claim by submitting the required documents and fees to the American Arbitration Association.

(b) A claimant shall provide notice of such arbitration claim to the Exchange.

## **RULE 803. Certain Claims against the Exchange Involving Trading Systems or Services**

(a) General. All claims arising out of or relating to the following matters shall be arbitrated in accordance with the rules of this Chapter:

(1) receipt of an incorrect Order status or the failure to have received an appropriate Order status; or

(2) the negligence of Exchange staff.

Nothing in this Rule 803 or Rule 804 shall be construed to create a claim against the Exchange, to limit a defense available to the Exchange, or to obviate or modify any limitation of Exchange liability imposed by any other rule.

(b) Initial Liability Claim and Demand for Arbitration.

The initial claim of loss, including a detailed description of any loss suffered, must be made to the American Arbitration Association within ten business days of the date of the incident that caused the loss.

(c) Related Claims.

All claims arising out of the same system failure, event or alleged negligent act shall, to the extent practicable in the determination of the chairman, be consolidated for a single hearing.

(d) Award.

- (1) Any award by the American Arbitration Association shall be limited to the lesser of the actual loss or the loss that would have been incurred if the claimant had used its best efforts to mitigate the loss. Punitive damages, loss of profits, loss of use, and indirect, incidental or consequential damages shall not be awarded.
- (2) The decision of a majority of the Arbitration Panel shall be final and binding, and there shall be no appeal to a hearing committee of the Exchange. A party may move, within three business days of the award, that the award be corrected to remedy any miscalculation or misdescription or where the award is otherwise imperfect in a matter of form not affecting the merits of the award.
- (3) A Trading Privilege Holder directed to pay an award shall submit payment of the amount due directly to the Trading Privilege Holder receiving the award. An arbitration award must be satisfied within 15 days of receipt of the notice of decision. If a request is made to correct an award pursuant to Rule 803(d)(2), the award must be satisfied within 15 days of receipt of the corrected notice of decision.
- (4) A Trading Privilege Holder making payment must submit proof of payment to the Market Regulation Department no later than the business day following payment.
- (5) Any Trading Privilege Holder that fails to pay an arbitration award or submit proof of payment to the Exchange within the time prescribed may be subject to Rule 304 and to sanctions pursuant to Chapter 7.

(e) Satisfaction of Award by Exchange

- (1) The Exchange shall satisfy any award against it subject to its limitation of liability rules and the rules respecting proration among claimants where damages allowed for a defined period of time exceed any limit imposed by Cboe Digital Exchange Rules.
- (2) The Exchange may delay paying any award until such time as any applicable proration or limitation can be finally calculated.



## **RULE 804. Claims Relating to Trade Cancellations or Price Adjustments**

All claims relating to price adjustments or trade busts pursuant to Rule 539 shall be arbitrated in accordance with this Chapter.

## **CHAPTER 9: CLEARING**

### **RULE 901. Clearing of Contracts**

All Contracts shall be cleared through the Clearing House in accordance with the Clearing House Rules and in conformity with the Exchange rules specifically provided in this Chapter 9.

### **RULE 902. Criteria for Becoming a Clearing Member**

(a) Any Clearing Member of the Clearing House authorized by the Clearing House under the Clearing House Rules may apply as a Clearing Member Trading Privilege Holder of the Exchange.

(b) Applicants for Clearing Member of the Exchange must, in addition to the criteria set for in Rule 301, satisfy the following criteria:

- (1) be a Clearing Member of the Clearing House in good standing
- (2) meet the minimum capital requirement as determined by the Clearing House and
- (3) satisfy the Clearing Member provisions set forth in Rule 903.

(c) The Exchange evaluates and monitors a Clearing Member's compliance with the criteria set forth in this Rule 902. The Exchange, through its membership in the Joint Audit Committee evaluates and monitors a Clearing Member's compliance with the criteria set forth in this Rule 902.

(d) The Clearing House may assist the Exchange in evaluating and monitoring a Clearing Member's compliance with these criteria. By becoming a Clearing Member, a Clearing Member and its Related Parties agree to cooperate with the Exchange in any such monitoring.

(e) Authorized Clearing Members shall have the right to clear Contracts in accordance with the Clearing House Rules and the Cboe Digital Exchange Rules, as applicable.

### **RULE 903. Clearing Member Application Process and Obligations**

(a) A Clearing Member of the Clearing House that desires to become a Clearing Member Trading Privilege Holder shall complete the Trading Privilege Holder application process pursuant to Rule 302. In addition to the Trading Privilege Holder applicant requirements set forth in Rule 302, a Clearing Member that clears Contracts on behalf of a Trading Privilege Holder(s) and that effects transactions for the Clearing Member account and/or the Customer(s) of the Clearing Member must:

- (1) Agree to act as a Clearing Member for such Trading Privilege Holder(s);
- (2) Agrees that it will be financially responsible for (i) any transactions effected on Cboe Digital and for any use of the Cboe Digital Trading System made by Clearing Member, Clearing Member's Authorized Traders, Trading Privilege Holder or Trading Privilege Holder's Authorized Traders (ii) all Trading Privilege Holder Orders that are entered using Firm IDs assigned by Cboe Digital Exchange and for clearing any trades that are matched as a result of such Orders. Clearing Member will be

responsible to clear such trades even if the Orders received via the Cboe Digital Trading System: (a) exceeded Clearing Member's credit parameters, (b) were entered as a result of a failure in the security controls and/or credit controls, other than due to the gross negligence of Cboe Digital, (c) were entered by an unknown or unauthorized user.

(3) Agree that it will accept full responsibility for any transactions effected on Cboe Digital Exchange and for any use of the Cboe Digital Trading System made by Clearing Member or Clearing Member's Authorized Traders.

(4) If the Clearing Member is an FCM Clearing Member, it must comply with the requirements set forth in CFTC Regulation 1.11 (Risk Management Program for futures commission merchants

(c) In addition to the reasons set forth in Rule 302(f), the Exchange may deny, condition or terminate the Clearing Member status of any Person:

(1) If such Person is unable to satisfactorily demonstrate its ability to satisfy the eligibility criteria to become or remain a Clearing Member; or

(2) If such Person is unable to satisfactorily demonstrate its capacity to adhere to all applicable Rules;

(d) the event of a default that occurs or has occurred in relation to a Clearing Member with open positions in any Contract in a proprietary or customer account, each other Clearing Member shall cooperate with the Clearing House, on a best-efforts basis, to accept the transfer of positions in such Contracts.

#### **RULE 904. Clearing House Rules**

(a) The clearing services provided by the Clearing House with respect to any Contract, and the rights and obligations of purchasers and sellers under cleared Contracts (including without limitation rights and obligations in respect of clearing and settlement, variation payments and performance at maturity), shall be governed by the Clearing House Rules, as applicable.

(b) The Clearing House provides clearing and settlement services for the Contracts, including the risk management infrastructure. The Exchange conducts surveillance related to this Rule 904.

(c) The Exchange may establish performance bond requirements from time as published by the Exchange in an Exchange Notice. Trading Privilege Holder must call for Performance Bonds from their Customers and post performance bond with the Clearing House as set forth in the Clearing House Rules. All performance bond collateral must be in a form acceptable to the Clearing House pursuant to Clearing House Rules.

- (d) The Clearing House Rules shall prevail in the event of any conflict or inconsistency between the Rules and the Clearing House Rules with respect to any Clearing Member responsibilities or obligations under the Clearing House Rules. All Clearing Members are bound by the Clearing House Rules.

## **RULE 905. Other Clearing Organizations**

Whenever the Exchange designates a clearing organization other than the Clearing House for the clearance of Contracts with respect to which there are open positions, each Clearing Member shall, as of the close of business on the second Business Day prior to the effective date of such designation, either become a Clearing Member of such successor clearing organization, or cause any such open Contracts carried by it either to be transferred to a Clearing Member of such successor clearing organization or to be liquidated.

## **RULE 906. Settlement Prices**

(a) The Exchange, in conjunction with the Clearing House, will determine the Settlement Price for Contracts. For each Contract, the Exchange shall publish a daily settlement price and information regarding volume, open interest and opening and closing ranges.

(b) Daily Settlement Price. Unless specified in the terms of a Contract, the daily settlement price for all Exchange Futures Contracts based on a Digital Asset will be determined as follows:

- (1) Based on the volume weighted average price of executed trades for the contract during the last ten (10) minutes of trading on each trading day, where the closing period will be broken down into two (2) distinct five (5) minute periods for which the volume weighted average price will be calculated and the average of the two (2) value weighted average prices will be the daily settlement price;
- (2) If no trades occur during the last ten (10) minutes of trading, the last trade in the Exchange's spot market during the same period for the relevant underlying Digital Asset will be used and adjusted by the difference between the previous day spot closing price and the previous day futures closing price;  
or
- (3) If no trade has occurred in the Exchange's spot market during this period or in the event that the Exchange concludes that the settlement price determined in accordance with the foregoing does not fairly represent the market value of the period, the Exchange may determine an alternative settlement price. Such determination may be based upon, among other things, a third party or combination of third party index or reference prices.

(c) Final Settlement Price. Unless specified in the terms of a Contract, the final settlement price for all Exchange Futures Contracts based on a Digital Asset will be determined based on the reference rate of a third-party index, as specified in the relevant Contract specifications, published at the time of expiration. If the Exchange concludes that the final settlement price determined in accordance with the foregoing does not fairly represent the market value, the Exchange may determine an alternative settlement price. Such determination may be based upon, among other things, a third party or combination of third-party index or reference prices.

(d) Notwithstanding the foregoing, the Clearing House may modify Settlement Prices in its discretion in accordance with Clearing House Rules.

### **RULE 907. Clearing Fees**

Clearing fees shall be assessed against a Clearing Member or Trading Privilege Holder for each side of a transaction traded on, cleared by or processed through the Clearing House or by the Trading Privilege Holder as the Clearing House may from time to time prescribe. Such Clearing Fees may be separate from or incorporated into the Exchange Fees assessed pursuant to Rule 305.

### **RULE 908. Transfers of Trades**

- (a) Subject to the limitations of Rule 909, existing trades may be transferred either on the books of a Clearing Member or from one Clearing Member to another Clearing Member provided:
  - (1) the transfer merely constitutes a change from one account to another account, provided the underlying beneficial ownership in said accounts remains the same; or
  - (2) an error has been made in the clearing of a trade and the error is discovered and the transfer is completed within two business days after the trade date.
- (b) Subject to the limitations of Rule 909, the Exchange may, upon request by the Clearing Member(s), approve a transfer of existing trades either on the books of the same Clearing Member, or from the books of one Clearing Member to the books of another Clearing Member if the transfer is in connection with, or as a result of, a merger, asset purchase, consolidation or similar non-recurring transaction between two or more entities where one or more entities become the successor in interest to one or more other entities.
- (c) The Exchange may, with the consent of the Clearing Member(s) involved, permit the transfer of existing trades if, in the opinion of the Exchange, the situation so requires and such transfer is in the best interests of the Exchange.
- (d) Provided that the transfer is permitted pursuant to Sections (a), (b) or (c) above, the transactions must be recorded and carried on the books of the receiving Clearing Member at the original trade dates. Futures transactions may be transferred using either the original trade price or the most recent settlement price; Options transactions may be transferred using either the original trade price or a trade price of zero.
- (e) All transfers shall be reported to the Clearing House in a form acceptable to the Exchange for the type of transactions involved. The proper indicator must be included in the transfer such that the transactions, including the transaction(s) to reverse an error, clear as transfers. The Clearing Members involved shall maintain a full and complete record of all transactions together with all pertinent memoranda.

### **RULE 909. Concurrent Long and Short Transactions**

Set forth below are the procedures that must be followed for concurrent long and short positions and hold-open accounts.

- (a) Concurrent long and short positions in the same commodity and month may be held by a Clearing Member at the direction of a Customer or on behalf of an omnibus account; however it shall be the duty of the Clearing Member to ascertain whether such positions are intended for offset or to be held open prior to final transmission of position data to the Clearing House.
- (b) Clearing Members which, pursuant to this rule, carry concurrent long and short positions, must report to the Exchange both sides as open positions.
- (c) The Exchange takes no position regarding the internal bookkeeping procedures of its Clearing Members which, for the convenience of a Trading Privilege Holder or Customer, may “hold open” a position only on their books. However, the Clearing Member must accurately report to the Exchange and the Clearing House, as appropriate, large trader positions, long positions eligible for delivery and open interest.

#### **RULE 910. Substitution**

For a Transaction that is both executed and submitted to the Clearing House in accordance with the rules governing such Transaction, the Clearing House shall, through the process of novation, be substituted as, and assume the position of, seller to the buyer and buyer to the seller of the relevant number of Contracts once the Transaction is accepted at the Clearing House pursuant to the Clearing House Rules and the Clearing House Manual of Operations; provided, however, that the timing of the clearing guarantee for transactions pursuant to Rule 601 (Block Trades), Rule 602 (Exchange of Derivatives for Related Positions), and Rule 908 (Transfers of Trades) shall be subject to terms for privately negotiated trades pursuant to the Clearing House rules.

Upon such substitution, each Clearing Member shall be deemed to have bought the contracts from or sold the contracts to the Clearing House, as the case may be, and the Clearing House shall have all the rights and be subject to all the liabilities of such Clearing Member with respect to such transaction. Such substitution shall be effective in law for all purposes.

#### **RULE 911. Policy on Division or Similar Events Involving Digital Assets**

In the event that there is, or there is expected to be, a change to the relevant operating rules, protocols, processes, or standards applicable to a Digital Asset underlying a Contract offered by the Exchange, including a so-called hard fork, user activated soft fork, or other event that results in split or division of the Digital Asset into multiple assets, a substitution, replacement, conversion or exchange of the Digital Asset into or for another asset, a restriction on the transfer of the Digital Asset (e.g.; a lock-up or freeze), or a distribution of any asset to existing holders of the Digital Asset (including a so-called airdrop), the Exchange shall have the discretion to take action in consultation with Trading Privilege Holders to align the exposures of Persons having positions in the relevant Digital Asset Contracts with the cash market exposures or to otherwise address such events, as appropriate. Appropriate action may include revising delivery obligations

under the Contract, providing for cash adjustments, and/or assigning newly listed Contract positions to such Persons. Among other things, the Exchange will take into consideration whether any resulting asset, substitution, replacement, conversion or exchange described in this paragraph continues to be a commodity subject to the Commodity Exchange Act, or is subject to the Securities Act of 1933 or any other law or regulation.

## **RULE 912. Clearing Member Guarantees and Clearing Corporation Restrictions.**

(a) Each Trading Privilege Holder shall provide to the Exchange a letter of guarantee from a Clearing Member, in a form and manner prescribed by the Exchange, for the Trading Privilege Holder's trading activities in Exchange Contracts and access to the Exchange. This requirement shall be applicable to all Trading Privilege Holders, including all Clearing Members. Accordingly, each Clearing Member must provide to the Exchange a letter of guarantee from that Clearing Member, in a form and manner prescribed by the Exchange, for the Clearing Member's trading activities in Exchange Contracts and access to the Exchange. A Clearing Member shall guarantee and assume financial responsibility for all Exchange Contracts of each Trading Privilege Holder guaranteed by it, and shall be liable for all transactions of that Trading Privilege Holder in Exchange Contracts, in accordance with the applicable letter of guarantee.

(b) A Trading Privilege Holder may not engage in any trading activities in Exchange Contracts or access the Exchange if an effective letter of guarantee required to engage in those activities or to receive that access is not on file with the Exchange. If a Trading Privilege Holder does not have an effective letter of guarantee on file with the Exchange, the Exchange may prevent access and connectivity to the Exchange by that Trading Privilege Holder.

(c) Letters of guarantee filed with the Exchange shall remain in effect until a written notice of revocation has been filed with Cboe Digital Membership Services in a form and manner prescribed by the Exchange and the revocation becomes effective or until such time that the letter of guarantee otherwise becomes invalid pursuant to the Rules of the Exchange. A written notice of revocation shall become effective as soon as the Exchange is able to process the revocation. A revocation shall in no way relieve a Clearing Member of responsibility for transactions guaranteed prior to the effectiveness of the revocation.

(d) If the Clearing House restricts the activities of a Clearing Member or suspends a Clearing Member as a Clearing Member of the Clearing House, the Exchange may take action as necessary to give effect to the restriction or suspension. For example, if the Clearing House restricts transactions cleared by a Clearing Member to "closing only" transactions, the Exchange may similarly restrict transactions on the Exchange for clearance by that Clearing Member as a Clearing Member of the Clearing House to "closing only" transactions. Similarly, if the Clearing House suspends a Clearing Member, the Exchange may prevent access and connectivity to the Exchange by the suspended Clearing Member.

(e) If requested to do so by the Clearing House, the Exchange may cancel all Orders in relation to a Clearing Member and all Orders of any Trading Privilege Holder submitted with a FIRM code that is linked to that Clearing Member.

(f) If a Clearing Member's status as a Clearing Member of the Clearing House or as a Trading Privilege Holder is terminated, all letters of guarantee on file with the Exchange from that Clearing Member shall no

longer be valid, effective as soon as the Exchange is able to process the invalidation of these letters of guarantee.

(g) If a Clearing Member has been suspended as a Clearing Member of the Clearing House or as a Trading Privilege Holder, all existing letters of guarantee and authorization from that Clearing Member shall be invalid during the period of the suspension, effective as soon as the Exchange is able to process the invalidation of those letters of guarantee.

(h) The invalidation of a letter of guarantee shall in no way relieve the Clearing Member that issued the letter of guarantee of responsibility with respect to transactions guaranteed prior to the effectiveness of the invalidation.

(i) If a Trading Privilege Holder does not have a required letter of guarantee for a period of ninety consecutive days, the Trading Privilege Holder's Trading Privileges and status as a Trading Privilege Holder shall automatically be terminated.



## CHAPTER 10: MISCELLANEOUS

### RULE 1001. Exchange personnel – Trading and Misuse of Material Non-Public Information

- (a) Except as provided by Rules 1001(c) and 1001(d), Officers and Exchange employees are prohibited from buying or selling, directly or indirectly, any Contracts traded on or cleared by a Contract Market, swap execution facility or Derivatives Clearing Organization, or on any non-U.S. derivatives exchange or board of trade listing products substantially similar to the Contracts.
- (b) The Chief Executive Officer may exempt, in whole or in part, an Officer and Exchange employee from the prohibitions of Rule 1001(a), if such Officer and Exchange employee applies in writing for an exemption and demonstrates to the satisfaction of the Chief Executive Officer that the Officer and Exchange employee meets all of the following criteria:
  - (1) the Officer and Exchange employee does not have access to material, non-public information in the course of his or her employment;
  - (2) the Officer and Exchange employee agrees to provide the Exchange with account statements and other documents relevant to the Exchange Official's buying and selling of Futures Contracts directly or indirectly; and,
  - (3) the Officer and Exchange employee agrees to inform the Chief Executive Officer in writing of any material change that may affect the Exchange Official's qualification for an exemption within one (1) Business Day of the change.
- (c) With the Chief Executive Officer's written approval, Rule 1001(a) does not prohibit an Officer and Exchange employee from participating in a pooled investment vehicle or other investment vehicle whose investments are directed by a third-party advisor if the Exchange Official has no direct or indirect control over transactions executed by the investment vehicles.
- (d) Exchange Officials, agents and independent contractors of the Exchange are prohibited from disclosing material, non-public information obtained as a result of his or her employment, agency relationship or engagement with the Exchange where the Exchange Official, agent or independent contractor expected or should have reasonably expected that the information disclosed may assist a Person in trading any Contract, any Contract traded on another exchange, or any related underlying commodity or security.
- (e) Rule 1001(d) shall not prohibit an Exchange Official, agent or independent contractor of the Exchange from disclosing material, non-public information while discharging his or her official duties and responsibilities, including disclosures to another Self-Regulatory Organization, linked exchange, court of competent jurisdiction, or a representative of any agency or department of the federal or state government.

- (f) For the purposes of this Rule 1001, the terms “material information,” “non-public information,” “linked exchange,” and “pooled investment vehicle” each shall have the meaning set forth in CFTC Regulation 1.59(a).

## **RULE 1002. Gifts and Gratuities**

Except as permitted in writing by the Chief Executive Officer, no Trading Privilege Holder shall, directly or indirectly, give or permit to be given anything of value, including gifts and gratuities, in excess of one hundred dollars (\$100) per individual per year to an Exchange Official.

## **RULE 1003. Market Data**

- (a) All Trading Privilege Holders and all employees, agents, vendors, and other Persons affiliated with the foregoing understand and acknowledge that the Exchange has a proprietary interest in:
- (1) the price and quantity data from each and every transaction executed on the Cboe Digital Trading System, including the time at which the transaction was executed by, or submitted to, the Cboe Digital Trading System;
  - (2) the price and quantity data for each and every bid and offer submitted for entry into the Cboe Digital Trading System, including the time at which the bid and offer was entered into the Cboe Digital Trading System;
  - (3) the Daily Settlement Price of each Contract;
  - (4) any data and information derived from (i), (ii) and (iii) and the format and presentation thereof; and
  - (5) the transmissions and dissemination of the data and information to Trading Privilege Holders any publisher of the data or information with whom the Exchange has a written agreement, and any other Persons.
- (b) Trading Privilege Holders may not distribute, sell or retransmit information displayed on the Cboe Digital Trading System to any third party. Notwithstanding the foregoing, Trading Privilege Holders may distribute, sell or retransmit market data pursuant to a duly executed market data agreement.

## **RULE 1004. Extension or Waiver of Rules**

If necessary and expedient, the Exchange may, in its sole discretion, waive, or extend the time period for performing, any act or acts designated by the Cboe Digital Exchange Rules, but only to the extent such waiver or extension is not inconsistent with the CEA or the CFTC Regulations.

## **RULE 1005. Effect of Amendment, Repeal or New Rule**

- (a) If an amendment or repeal of a Cboe Digital Rule or adoption of a new Cboe Digital Rule does not materially change the terms or conditions of a Contract and does not affect the value of open Contracts, then the effective date of any amendment or repeal of a Cboe Digital Rule or adoption of a new Cboe

Digital Rule relating to Contracts is binding on all Contracts entered into before and after the effective date of such amendment, repeal or adoption.

- (b) If an amendment or repeal of a Cboe Digital Rule or adoption of a new Cboe Digital Rule materially changes the terms or conditions of a Contract or affects the value of open Contracts, then the amendment, repeal or new Cboe Digital Rule is binding only on Contracts listed for trading after the effective date of such amendment, repeal or adoption, and Contracts listed as of the effective date of such amendment, repeal or adoption with no open positions then in existence, unless otherwise specifically provided by the Board.

#### **RULE 1006.           Governing Law, Jurisdiction and Dispute Resolution**

- (a) The law of the State of Illinois governs the Cboe Digital Exchange Rules.
- (b) Any dispute between the Exchange and a Trading Privilege Holder arising from or in connection with the Cboe Digital Exchange Rules must be brought to arbitration through the AAA arbitration program or another arbitration program permitted by the CFTC Regulations within two (2) years from the occurrence of the event giving rise to the dispute. This Rule shall in no way create a cause of action nor authorize an action that would otherwise be prohibited by the Cboe Digital Exchange Rules.
- (c) Any dispute between the Exchange and a Trading Privilege Holder arising from or in connection with the Cboe Digital Exchange Rules will be settled by arbitration administered through the AAA arbitration program or another arbitration program permitted by the CFTC Regulations. Each party to the dispute will bear its own costs and expenses in connection with any arbitration hereunder, as well as an equal share of the administrative fees and the fees of the arbitrator; provided, however, that the arbitrator will be entitled to include in any award a full reimbursement for the prevailing party's costs and expenses, such party's share of the administrative fees and the fees of the arbitrator, or any combination of any or all of the above. In the event that this Rule 1006(c) is held to be unenforceable in connection with any dispute, (i) exclusive jurisdiction for any such dispute will reside in any state or federal court sitting in the Chicago, IL metropolitan area, (ii) the Exchange and the Trading Privilege Holder involved in the dispute will be presumed to have submitted to the personal jurisdiction of any such court, and (iii) an action to enforce any judgment or decision of such court may be brought in the same court or in any other court with jurisdiction or venue. Finally, all Clearing Members or Trading Privilege Holders unconditionally and irrevocably waive any and all right to trial by jury in connection with any such dispute.

## CHAPTER 11: CONTRACT SPECIFICATIONS

### RULE 1101. Bitcoin Futures

(a) Physically-Settled Bitcoin Futures.

<i>Description</i>	<i>A margin-based physically settled futures contract for bitcoin</i>
<i>Contract Symbol</i>	BTC
<i>Contract Size</i>	1 bitcoin, as defined by the Cboe Kaiko Bitcoin Rate (CKBR) Index
<i>Price Quotation</i>	USD per 1 bitcoin
<i>Minimum Price Increment</i>	\$5.00 per bitcoin (\$5.00 per contract) Block trades may be negotiated in \$0.01 increments
<i>Listed Contracts</i>	Up to 3 weekly expirations, nearest 2 serial months and nearest 4 quarterly months
<i>Settlement</i>	Physically-settled. Final settlement price is determined pursuant to Rule 906(c).
<i>Trading Days and Hours</i>	Sunday through Friday 5:00 p.m. (open on previous business day) through 4:00 p.m. (close on trade date), unless otherwise determined by the Exchange and published in a Notice to Participants.
<i>Daily Closing Time</i>	4:00 p.m.
<i>Last Trading Day/Time</i>	Weekly - 10:00 a.m. Friday* of the expiry week Monthly - 10:00 a.m. Last Friday* of the contract month * Preceding business day if day falls on a non-business day
<i>Block Trade Minimum</i>	5 Contracts
<i>Position Limit</i>	8,500 Contracts
<i>Large Trader Reporting</i>	5 Contracts
<i>Collateral Withheld</i>	Collateral required on a margin-basis. Margin requirements are published daily on the Cboe Digital website at <a href="http://cboedigital.com">cboedigital.com</a> .
<i>Delivery</i>	Pursuant to the Cboe Clear Digital Rulebook, an Eligible Delivery Member (EDM) must deposit all underlying assets required to make delivery immediately upon expiration. An EDM must deposit all funds required to take delivery no later than one hour following expiration. Delivery is made through the Clearinghouse to the EDM's delivery account. Further information about physical delivery can be found in Cboe Clear Digital Rule 410.

<i>Forks</i>	Support for forks in the underlying product will be evaluated in accordance with the Cboe Digital Fork Policy.
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(b) Financially-Settled Bitcoin Futures.

<i>Description</i>	<i>A margin-based financially settled futures contract for bitcoin</i>
<i>Contract Symbol</i>	FBT
<i>Contract Size</i>	0.1 bitcoin, as defined by the Cboe Kaiko Bitcoin Rate (CKBR) Index
<i>Price Quotation</i>	USD per 1 bitcoin
<i>Minimum Price Increment</i>	\$1.00 per bitcoin (\$0.10 per contract) Block trades may be negotiated in \$0.01 increments
<i>Listed Contracts</i>	Up to 3 weekly expirations, nearest 2 serial months and nearest 4 quarterly months
<i>Settlement</i>	Financially-settled. Final settlement price is determined pursuant to Rule 906(c).
<i>Trading Days and Hours</i>	Sunday through Friday 5:00 p.m. (open on previous business day) through 4:00 p.m. (close on trade date), unless otherwise determined by the Exchange and published in a Notice to Participants.
<i>Daily Closing Time</i>	4:00 p.m.
<i>Last Trading Day/Time</i>	Weekly - 10:00 a.m. Friday* of the expiry Week Monthly - 10:00 a.m. Last Friday* of the contract month  * Preceding business day if day falls on a non-business day
<i>Block Trade Minimum</i>	10 Contracts
<i>Position Limit</i>	85,000 Contracts
<i>Large Trader Reporting</i>	25 Contracts
<i>Collateral Withheld</i>	Collateral required on a margin-basis. Margin requirements are published daily on the Cboe Digital website at <a href="http://cboedigital.com">cboedigital.com</a> .
<i>Forks</i>	Support for forks in the underlying product will be evaluated in accordance with the Cboe Digital Fork Policy.

## RULE 1102. Ether Futures

(a) Physically-Settled Ether Futures.

<i>Description</i>	<i>A margin-based physically-settled futures contract for ether</i>
<i>Contract Symbol</i>	ETH
<i>Contract Size</i>	10 ether, as defined by the Cboe Kaiko Ether Rate (CKER) Index
<i>Price Quotation</i>	USD per 1 ether
<i>Minimum Price Increment</i>	\$0.50 per ether (\$5.00 per contract) Block trades may be negotiated on \$0.01 increments
<i>Listed Contracts</i>	Up to 3 weekly expirations, nearest 2 serial months and nearest 4 quarterly months.
<i>Settlement</i>	Physically-settled. Final settlement price is determined pursuant to Rule 906(c).
<i>Trading Days and Hours</i>	Sunday through Friday 5:00 p.m. (open on previous business day) through 4:00 p.m. (close on trade date), unless otherwise determined by the Exchange and published in a Notice to Participants.
<i>Daily Closing Time</i>	4:00 p.m.
<i>Last Trading Day/Time</i>	Weekly - 10:00 a.m. Friday* of the expiry Week Monthly - 10:00 a.m. Last Friday* of the contract month * Preceding business day if day falls on a non-business day
<i>Block Trade Minimum</i>	1 Contracts
<i>Position Limit</i>	12,000 Contracts
<i>Large Trader Reporting</i>	5 Contracts
<i>Collateral Withheld</i>	Collateral required on a margin-basis. Margin requirements are published daily on the Cboe Digital website at <a href="http://cboedigital.com">cboedigital.com</a> .
<i>Delivery</i>	Pursuant to the Cboe Clear Digital Rulebook, an Eligible Delivery Member (EDM) must deposit all underlying assets required to make delivery immediately upon expiration. An EDM must deposit all funds required to take delivery no later than one hour following expiration. Delivery is made through the Clearinghouse to the EDM's delivery account. Further information about physical delivery can be found in Cboe Clear Digital Rule 410.
<i>Forks</i>	Support for forks in the underlying product will be evaluated in accordance with the Cboe Digital Fork Policy.

(b) Financially-Settled Ether Futures.

<i>Description</i>	<i>A margin-based financially settled futures contract for ether</i>
<i>Contract Symbol</i>	FET
<i>Contract Size</i>	1 ether, as defined by the Cboe Kaiko Ether Rate (CKER) Index
<i>Price Quotation</i>	USD per 1 ether
<i>Minimum Price Increment</i>	\$0.10 per ether (\$0.10 per contract) Block trades may be negotiated in \$0.01 increments
<i>Listed Contracts</i>	Up to 3 weekly expirations, nearest 2 serial months and nearest 4 quarterly months.
<i>Settlement</i>	Financially-settled. Final settlement price is determined pursuant to Rule 906(c).
<i>Trading Days and Hours</i>	Sunday through Friday 5:00 p.m. (open on previous business day) through 4:00 p.m. (close on trade date), unless otherwise determined by the Exchange and published in a Notice to Participants.
<i>Daily Closing Time</i>	4:00 p.m.
<i>Last Trading Day/Time</i>	Weekly - 10:00 a.m. Friday* of the expiry Week Monthly - 10:00 a.m. Last Friday* of the contract month * Preceding business day if day falls on a non-business day
<i>Block Trade Minimum</i>	10 Contracts
<i>Position Limit</i>	120,000 Contracts
<i>Large Trader Reporting</i>	25 Contracts
<i>Collateral Withheld</i>	Collateral required on a margin-basis. Margin requirements are published daily on the Cboe Digital website at <a href="http://cboedigital.com">cboedigital.com</a> .
<i>Forks</i>	Support for forks in the underlying product will be evaluated in accordance with the Cboe Digital Fork Policy.

### **RULE 1103. [Reserved]**

## CHAPTER 12: SPOT MARKETS

### Introduction and Notice:

Trading of a spot commodity contract on the Cboe Digital Exchange Spot Markets is facilitated by Cboe Digital Exchange and Cboe Clear Digital, together as “Cboe Digital”, and governed by the Rules of this Chapter (“Spot Rules”). Unless otherwise specified in this Chapter 12, Cboe Digital Exchange Spot Market trades are (i) not subject to the Rules applicable to trading of other contracts offered by Cboe Digital Exchange and (ii) not subject to other Chapters of this Rulebook. Unless otherwise indicated herein, defined terms of this Chapter 12 are included in the Definitions Section of the Cboe Digital Exchange Rulebook [effective January 6, 2023](#).

DISCLAIMER: CBOE DIGITAL EXCHANGE SPOT MARKETS ARE NOT REGISTERED WITH, OR DESIGNATED, RECOGNIZED, LICENSED OR APPROVED BY THE CFTC.

### RULE 1200. General Provisions

- (a) General Provision. The Exchange has adopted these Rules, and from time to time adopts amendments and supplements to these Spot Rules, to promote a free and open market on the Cboe Digital Exchange Spot Markets and to maintain appropriate business conduct. While changes to the Cboe Digital Exchange Rulebook are generally handled by self-certification to the CFTC and concurrent notification to market participants, self-certification is not required for the changes to the Chapter 12 of the Cboe Digital Exchange Rulebook and Participants will be notified of changes to the Spot Rules prior to implementation, unless pursuant to Rule 1203. The staff of the Cboe Digital Exchange Market Regulation Department (“Market Regulation Department”) is responsible for the investigation and imposition of penalties for violations of the Spot Rules.
- (b) Incorporation of Exchange Rules. Other provisions of the Cboe Digital Exchange Rulebook [effective January 6, 2023](#) identified in this Chapter 12 (the “Cboe Digital Exchange Rules”) are incorporated by specific reference through this chapter.
- (c) Direct Individuals, Direct Firms, Executing Brokers, Guaranteed Direct Members, Professional Trading Firms, and Market Makers, or any Person initiating or executing a transaction on or subject to the Spot Rules directly or through an intermediary, or any person who is authorized to access or utilize Cboe Digital Exchange or Spot Markets (“Participants”) as well as their employees, agents, contractors, and affiliates, are deemed to know, consent to, and be bound by all Spot Rules, the applicable Cboe Digital Exchange Rules, the rules of Cboe Clear Digital, and all terms and conditions contained in all agreements executed or otherwise consented to by the Participant. Following termination of participation, for any reason, former Participants shall be subject to the continuing jurisdiction of the Exchange and the Market Regulation Department including, without limitation, the application of rules related to any conduct that occurred while a Participant for a period of five (5) years.



- (d) The Chief Regulatory Officer. It is the duty of the Chief Regulatory Officer of the Market Regulation Department to enforce Spot Rules . The Chief Regulatory Officer has the authority to inspect the books and records of all parties subject to the jurisdiction of Cboe Digital Exchange and the authority to require any such party to appear before them and produce books and records and answer questions regarding alleged violations of Spot Rules, at the time, place and in the manner so designated. The Chief Regulatory Officer may also delegate authority to the staff of the Market Regulation Department.
- (e) Definitions. Unless otherwise defined, terms used in this Chapter shall have the meanings ascribed in the Cboe Digital Exchange Rules.

## **RULE 1201. Trading Practice and Business Conduct**

### (a) Trading System.

(1) The Cboe Digital Trading System Central Limit Order Book (“CLOB”) uses a Price/Time algorithm (also known as the First In, First Out or FIFO method). Under the Price/Time algorithm, orders will be matched with the earliest bid or offer to arrive in the Cboe Digital Trading System at the best price. If there are multiple bids and offers that have the same price, the earliest to arrive in the Cboe Digital Trading System will be the bid or offer to which the order is matched. If the order exceeds the quantity of the bid or offer, the Participant will be filled at the next, best bid or offer for their order.

(2) The Cboe Digital Trading System Request for Stream (“RFS”) allows Participants to request quote streams for a desired asset and quantity, and execute orders from bids or offers listed in the streaming quote. Orders executed utilizing RFS are cleared and settled as a block trade, subject to Rule 1206.

(b) Information Regarding Orders. Exchange will make information available regarding Orders pursuant to Cboe Digital Exchange Rule 410. General Information, notices, and data is available at [www.cboedigital.com](http://www.cboedigital.com).

(c) Business Days and Trading Hours. Except as provided in Rule 1203 with respect to Emergencies, the Exchange shall determine and publish a Notice to Participants listing the Business Days and Holidays of the Exchange and the Trading Hours for each Contract

(d) General Offenses. **Cboe Digital Exchange Rules 504 - 521 , and 525(a)-(b)(1)-(2)** are applicable to all Participants and Spot Markets. Where the Cboe Digital Exchange Rules in Chapter 5 reference “CEA”, “Act”, and “CFTC Regulations”, such specific references and provisions shall apply to this Chapter 12 only to the extent appropriate to reference authority or jurisdiction over activity in spot commodities or spot trading.

## RULE 1202. Disciplinary Rules

(a) Jurisdiction and Investigations.

- (i) All Participants are subject to the jurisdiction of Cboe Digital Exchange under **Cboe Digital Exchange Rule 701**.
- (ii) Any investigations of Participants, or initiation of proceedings against a Participant with respect to an alleged violation of the Spot Rules will be conducted in accordance with **Cboe Digital Exchange Rules 702-720**.

(b) Sanctions. If the Market Regulation Department finds that a party, including a Participant, has violated a Spot Rules, the Market Regulation Department may take one or more of the following actions:

- (i) Order the party to cease and desist from the conduct found to be in violation of these Rules;
- (ii) Restrict, suspend or terminate the party's access to Cboe Digital Exchange Spot Markets;
- (iii) Impose a fine upon the party not to exceed \$1,000,000 per violation, in accordance with **Cboe Digital Exchange Rule 715(b)**;
- (iv) Order a party to disgorge any monetary benefit resulting from a violation of the Spot Rules whether by that party or another party. For purposes of this provision benefit includes, without limitation, profit, whether realized or unrealized, and avoided losses;
- (v) Prescribe limitations on transactions of the party as may be appropriate;
- (vi) Order a party to make restitution to the account of anyone damaged by the conduct;
- (vii) Order a party or its legal counsel or other representative to pay out of pocket expenses incurred by the Market Regulation Department in connection with the matter if such party or counsel engaged in vexatious, frivolous or bad faith conduct during the course of an investigation or enforcement proceeding; and/or
- (viii) Order such action as is necessary to prevent a threat to the contract or violation of these Rules.

(c) Summary Imposition of Fines.

- (i) The Chief Regulatory Officer may summarily impose a fine against a Participant or any employees, agents, contractors, and affiliates for:
  - (1) Failing to make timely payments of fees, cost, charges or fines to the Exchange or the Clearing House;
  - (2) Failing to make timely and accurate submissions to the Exchange of notices, reports or other information required by the Spot Rules or Cboe Digital Exchange Rules; and
  - (3) Failing to keep any books and records required by the Cboe Digital Exchange Rules.
- (ii) The Market Regulation Department, acting on behalf of the Chief Regulatory Officer, will give notice of any fine imposed pursuant to this Rule to each Participant

thereto. The notice will specify:

- (1) the violations of the Cboe Digital Spot or Cboe Digital Exchange Rules for which the fine is being imposed;
  - (2) the date of the violation for which the fine is being imposed; and,
  - (3) the amount of the fine.
- (iii) Within 20 days of serving the notice of fine, the Participant must either pay or cause the payment of the fine or file notice of an appeal pursuant to **Cboe Digital Exchange Rule 716**. Unless timely notice of appeal is filed pursuant to **Cboe Digital Exchange Rule 716**, the fine will become final upon the expiration of 20 days after the notice of fine is served on the Participant.
- (iv) The Exchange will set the amount of any fines imposed pursuant to this Rule, with the maximum fine for each violation not to exceed \$10,000. Summary imposition of fines pursuant to this Rule will not preclude the Exchange from bringing any other action against the Participant, or any of its employees, agents, contractors, and affiliates, as the case may be.

### **RULE 1203. Emergency Actions**

(a) The Chief Regulatory Officer, or his designee, is authorized to determine whether an emergency exists and whether emergency action is warranted. The following events and/or conditions may constitute emergencies:

- (i) Any actual, attempted, or threatened market manipulation;
- (ii) Any actual, attempted, or threatened corner, squeeze, congestion, or undue concentration of positions;
- (iii) Any action taken or considered by the United States or any foreign government or any state or local government body, any other contract market, board of trade, or any other exchange or trade association (foreign or domestic), which may have an impact on trading on Cboe Digital Exchange Spot Markets;
- (iv) The actual or threatened bankruptcy or insolvency of any Participant or the imposition of any injunction or other restraint by any government agency, self-regulatory organization, court or arbitrator upon a Participant which may affect the ability of that Participant to perform on its contracts;
- (v) Any circumstance in which it appears that a Participant or any other Person or entity has failed to perform contracts or is in such financial or operational condition or is conducting business in such a manner that such Person or entity cannot be permitted to continue in business without jeopardizing the safety of Participants or Cboe Digital Exchange Spot Markets;
- (vi) Any other circumstance which may have a severe, adverse effect upon the functioning of Cboe Digital Exchange Spot Markets.

(b) In the event that the Chief Regulatory Officer determines, in good faith and in consultation with the Chief Executive Officer and Chief Operating Officer, that an emergency exists, he may take any of the following emergency actions or any other action that may be appropriate to respond to the emergency:

- (i) Suspend, curtail or terminate trading in any or all Contracts;
- (ii) Restrict, suspend or terminate a party's access to the Spot Markets and/or Cboe Digital

Exchange;

(iii) Modify the trading days or hours;

(iv) Modify conditions of delivery; and/or

(v) Order any other action or undertaking to address or relieve the emergency.

(c) The Market Regulation Department shall give appropriate notice of such action. As soon as practicable, the Market Regulation Department will make any notifications of such emergency actions as required by the Cboe Digital Exchange Rules.

(d) Trade Cancellations and Price Adjustments. Cboe Digital Exchange has authority to adjust trade prices or cancel (bust) trades when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the Cboe Digital Trading System or by system defects. Notwithstanding any other provisions of this Rule, the Exchange may adjust trade prices or bust any trade if the Exchange determines that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market. All decisions of the Exchange shall be final.

(i) Review of Trades

(1) The Exchange may determine to review a trade based on its independent analysis of market activity or upon request for review by a Participant. A request for review must be made within 15 minutes of the execution of the trade.

(2) The Exchange shall determine whether or not a trade will be subject to review. In the absence of a timely request for review, during volatile market conditions, upon the release of significant news, or in any other circumstance in which the Exchange deems it to be appropriate, the Exchange may determine, in its sole discretion, that a trade shall not be subject to review.

(ii) Price Adjustments and Cancellations

(1) In reviewing a trade, the Exchange will first determine whether the trade price is within the No Bust Range for spot transactions described in Rule 1203(h).

(2) In applying the No Bust Range, the Exchange shall determine the fair value market price for that contract at the time the trade under review occurred ("Price"). The Exchange may consider any relevant information, including, but not limited to, the last trade price in the contract or a better bid or offer price on the Cboe Digital Trading System, a more recent price for a different maturity date, the price of the same or related contract established in another venue or another market, or the market conditions at the time of the trade.

(iii) Trade Price Inside the No Bust Range. If the Exchange determines that the price of the trade is inside the No Bust Range, the Exchange will not bust the trade.

(iv) Trade Price Outside the No Bust Range. If the Exchange determines that a trade price is outside the No Bust Range for a Contract, the trade price shall be adjusted to a price that equals the fair value market price for that contract at the time the trade under review occurred, plus or minus the No Bust Range. In the event there are multiple parties, prices and/or contracts involved in the transactions at issue, the Exchange has the authority, but not the obligation, to bust rather than price adjust such transactions. The Exchange will issue an alert regarding its decision.

(v) Busted trade prices and any prices that have been adjusted shall be cancelled in the

Exchange's official record of time and sales. Trades that are price adjusted shall be inserted in the time and sales record at the adjusted trade price.

(e) Alternative Resolution by Agreement of Parties

(i) With the approval of the Exchange, parties to a trade that is price adjusted may instead mutually agree to cancel the trade.

(ii) With the approval of the Exchange, parties to a trade that is busted may instead mutually agree to price adjust the trade to a price consistent with the adjustment provisions of this Rule.

(iii) With the approval of the Exchange, parties to a trade that is cancelled or price adjusted may mutually agree to a cash adjustment provided that such adjustments are reported to the Exchange and the parties maintain a record of the adjustment.

(iv) An executed trade may not be reversed via transfer except where such trade is determined by Exchange to be outside of the No Bust Range but not reported timely, subject to agreement of the parties and approval of the Exchange . Any such transfer must occur at the original trade price and quantity; however, the parties may mutually agree to a cash adjustment.

(f) Liability for Losses Resulting from Price Adjustments or Cancellations

(i) A party entering an order that results in a price adjustment or trade bust shall be responsible for demonstrated claims of realized losses incurred by persons whose trade prices were adjusted or busted provided, however, that a claimant shall not be entitled to compensation for losses incurred as a result of the claimant's failure to take reasonable actions to mitigate the loss.

(ii) A claim for a loss pursuant to this section must be submitted to the Exchange in a manner acceptable to the Exchange within one business day of the event giving rise to the claim. The Exchange will reject any claim that is not filed in a timely manner and such decisions shall be final. Eligible claims shall be forwarded by the Exchange to the party responsible for the order(s) that resulted in a trade bust or a price adjustment. Such party shall, within ten business days of receipt of the claim, admit or deny responsibility in whole or in part. Failure to respond to the claim within ten business days shall be considered a denial of liability.

(iii) To the extent that liability is admitted, payment shall be made within ten business days. Unless otherwise agreed upon in writing by the parties, failure to make the payment within ten business days shall be considered a denial of liability for purposes of this rule. A copy of any such written agreement must be provided to the Exchange.

(iv) To the extent that liability is denied, the party making the claim may submit the claim for arbitration pursuant to Rule 1207 of the Spot Rules. Such claims must be submitted to the Exchange within ten business days of the date the party was issued notification that liability was denied.

(g) Schedule of Administrative Fees

(i) When Exchange busts or price adjusts a trade, the party responsible for entering the order into the Cboe Digital Trading System that gave rise to the trade bust or price adjustment shall pay an administrative fee to the Exchange in the amount of \$500 for each such occurrence.

(h) No Bust Ranges:

(i) Product	(ii) No Bust Range (from Price determined by Exchange under Spot Rule 1203(d)(ii)(2))
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(iii) BTC	(iv) 1%
(v) ETH	(vi) 1%
(vii) LTC	(viii) 1%
(ix) BTH	(x) 1%

## RULE 1204. Trading Qualifications

- (a) **Criteria for Becoming a Participant.** In order to be admitted as Participant on the Exchange to trade Spot Markets, an applicant must be in good standing as a Direct Individual, Direct Firm, Executing Broker, Professional Trading Firm, or Market Maker (“Participant Classification”) with the Clearing House, and must satisfy the eligibility requirements for the applicable Participation Classification identified in Rule 1204(d).
- (b) **Additional Requirements.** The Exchange may establish additional eligibility requirements for all Participants or specific Participants, in the event that the Exchange deems it in the best interest of the Exchange, Market, or other Participants.
- (c) **Participant Eligibility.** The Exchange will deny, condition, or terminate any Participant’s eligibility, or take any other actions deemed appropriate if, in the sole discretion of the Exchange:
- (i) The Participant is unable to satisfactorily demonstrate its compliance with additional eligibility requirements established in accordance with Rule 1204(b);
  - (ii) The Participant is unable to satisfactorily demonstrate its compliance with Participation Classification Requirements identified in Rule 1204(d);
  - (iii) The Participant is unable to satisfactorily demonstrate its capacity to adhere to all applicable Rules;
  - (iv) The Participant would bring the Exchange into disrepute; or
  - (v) The Participant is acting in a manner detrimental to the welfare of the Market, Exchange, or Other Participants.
- (d) **Participant Classification Requirements.** Applicants that are admitted as Participants must demonstrate compliance with the applicable Participant Classification requirements:
- (i) Direct Individuals or Direct Firms must:
    - (1) not be a Professional Trading Firm; and
  - (ii) Executing Brokers must:
    - (1) be processing orders with client where the firm is trading as a principal;
  - (iii) Guaranteed Direct Members must:
    - (1) be Direct Individuals or Direct Firms; and
    - (2) have all trades and activity related to the Contracts guaranteed by, in a manner and form acceptable to the Exchange in its sole discretion, another Participant or other third-party.
  - (iv) Professional Trading Firms must:
    - (1) certify that it has substantial trading and exchange connectivity management experience; and

- (2) provide evidence of such experience to the Exchange upon reasonable notice.
- (v) Market Makers must:
  - (1) be Professional Trading Firms; and
  - (2) must have entered into a market making agreement with the Exchange.
- (e) Admission Process. Applicants shall be deemed to have been admitted as Participants upon entering into applicable agreements with the Exchange and the Clearing House, and satisfaction of the requirements listed in Rule 1204(a) - (d) ("Requirements"). The Chief Regulatory Officer and the Market Regulation Department will be responsible for determining whether an applicant has satisfied the applicable Requirements.
- (f) Fees. Participants will be subject to fees in accordance with the rates specified by the Exchange, subject to their Participant Classification.
- (g) Audit by Exchange. The Market Regulation Department may request information from the Participant at any time to confirm the Participant's compliance with the applicable Participant Classification requirements.

## **RULE 1205. Clearing, Settlement, and Delivery**

- (a) Clearing of Contracts. All Contracts shall be cleared through the Clearing House in accordance with the Clearing House Rules and in conformity with the Exchange rules specifically provided in this Chapter 12.
- (b) Settlement Prices. The Contracts will settle in accordance with the methodology specified in the Spot Contract Specifications contained in Rule 1210.
- (c) Minimum Trade Increment. The Contracts shall be subject to minimum order sizes as specified in the Spot Contract Specifications.

## **RULE 1206. Block Trading**

- (a) The Exchange shall designate the Contracts in which block trades shall be permitted, the minimum quantity thresholds for such transactions, and all other rules pertaining to Block Trading of Contracts.
- (b) Block Trade Specifications
  - (i) A block trade must be for a quantity that is at or in excess of the applicable minimum size, as specified in the Block Trading Specification Table in Rule 1206(h). Orders may not be aggregated in order to achieve the minimum transaction size.
  - (ii) Multi-legged block trades may be executed as block trades, provided that each of the Contract legs of the resultant block trade meets the prescribed Minimum Block Size for that Contract.
- (c) Block Trade Prices. The price at which a block trade is executed must be fair and reasonable in light of:
  - (i) the size of the block trade;

- (ii) the prices and sizes of other transactions in the same contract at the relevant time;
  - (iii) the prices and sizes of transactions in other relevant markets, including without limitation the related underlying cash or futures markets, at the relevant time; and
  - (iv) the circumstances of the markets or the Participants to the block trade.
- (d) Additional Provisions and Requirements.
- (i) Each party to a block trade must be a Participant.
  - (ii) Block trades shall not set off conditional orders (e.g., Stop Orders and MIT Orders) or otherwise affect orders in the regular market.
  - (iii) Block Trades may only be executed during Cboe Digital Exchange Spot Market trading hours.
  - (iv)
  - (v)
- (e) One of the Participants or the broker of one of the Participants to the block trade must ensure that each block trade is reported to the Exchange within the time limit set forth below:
- (i) All block trades must be executed and reported to the Exchange on the same trade date; and
  - (ii) All block trades must be reported within fifteen (15) minutes of the transaction or prior to the end of the trade date, whichever is sooner.
  - (iii)
- (f) Reporting Requirements. A block trade reported to the Exchange must include the information related to the block trade specified by the Exchange, including identification of parties to the block trade; product details, trade quantity, price, time, and account number(s) or Clearing Firm(s), as applicable.
- (g) Finality at Clearing. Block trades are not considered final or binding until they have been accepted by the Clearing House.
- (h) Products designated for Block Trades can be seen on the Cboe Digital website at <https://www.cboedigital.com/product/digital-assets/>.

## **RULE 1207. Arbitration**

- (a) Mandatory Arbitrations. Disputes between and among Participants relating to or arising out of any transactions subject to the Spot Rules or claims by Participants against the Exchange or Clearing House related to the Spot Markets are subject to mandatory arbitration in accordance with the Rules of this Chapter. The Market Regulation Department may establish any procedures not otherwise contemplated by these Rules necessary to establish a just, equitable and efficient method of resolving a particular dispute.
- (b) Waiver of Objection to Jurisdiction. Any party who submits a claim or grievance to arbitration shall be conclusively presumed to have voluntarily recognized and agreed to the jurisdiction of the arbitration panel to hear and determine the claim. A Participant who



submits a claim for arbitration in accordance with these Rules consents thereby to the jurisdiction of the arbitrators and agrees to the arbitration of any counterclaims, cross-claims or third party claims by any respondent which arise out of the transaction that is the subject of the customer's claim. The claim shall comply with the requirements of this Rule.

- (c) Appointment of Arbitration Panel. Any arbitration shall be heard by an Arbitration Panel selected by the Market Regulation Department for the purpose of hearing and deciding a dispute. The Market Regulation Department may select any individual possessing, in the discretion of the Market Regulation Department, the requisite knowledge and temperament to serve on an Arbitration Panel.
- (d) Request to Remove an Arbitrator.
  - (i) Each party may request the removal of any arbitrator(s) from a panel for good cause shown. Such request must be made at least 7 days before the start of the first scheduled hearing. Failure of a party to timely request the removal of any arbitrator(s) will be deemed a waiver of that party's right to any further objection to the arbitrator's participation in the hearing and decision of the dispute.
  - (ii) The Market Regulation Department, after considering a request to remove an arbitrator, another party's objections thereto and/or the statements of an arbitrator whose removal is sought, may deny the request or excuse the arbitrator. The decision shall be final and may not be appealed.
  - (iii) If an arbitrator is excused prior to the date of the first scheduled hearing, the Market Regulation Department shall select another arbitrator to replace the excused arbitrator at the hearing. Parties may make any appropriate request for the removal of the replacement arbitrator under this Rule.
  - (iv) If an arbitrator is excused on or after the date of the first scheduled hearing, the dispute may, at the election of the non-requesting party and with the consent of the Market Regulation Department be heard and decided by the remaining arbitrators.
- (e) Initiating an Arbitration Claim.
  - (i) In the event that a complaint is received it shall be referred to the Market Regulation Department, which shall, when appropriate, forward to the complainant a Consent Form for arbitration under this Rule. Such form shall inform the claimant, by attachment of all pertinent Rules, of his or her rights and obligations, including costs associated with arbitration. A claimant may initiate a claim by submitting a written description of the dispute along with the arbitration fee (as determined by the Market Regulation Department) with the Market Regulation Department within the period of eligibility for arbitration claims. The written claim shall include a clear description of the facts and circumstances involved in the dispute, including the transaction(s) or agreement(s) complained of, the names of the Persons and firms alleged to be responsible for any loss to the claimant, the dates of all acts or omissions relevant to the claim, a detailed calculation of the amount claimed and any other information necessary to fully describe the dispute. In the case of a request for punitive damages, the claim shall set forth the facts the party intends to present in support of the claim that the misconduct was willful and wanton. The Market Regulation Department shall reject for filing any claim that does not fully describe the dispute, is clearly filed after the period of eligibility has expired or is clearly not arbitrable under this Rule. Such a claim will be promptly returned to the filing party with a notice describing the deficiency. A claimant seeking to correct the deficiency and file an amended claim may do so within 30 days of receiving notice describing the

- deficiency despite any expiration of the period of eligibility prescribed by this Rule during that 30-day period. The acceptance for filing by the Market Regulation Department shall not preclude a challenge to the arbitrability of the claim nor create a presumption that the claim is arbitrable.
- (ii) Notice shall then be given by the Market Regulation Department to the party against whom the claim is asserted, who shall respond to the claim in accordance with this Rule.
- (f) Answering an Arbitration Claim
- (i) Each respondent shall file a written response within twenty one (21) days after receipt of the written claim. However, if a party has timely filed a challenge to the arbitrability of the dispute, its response shall be due twenty one (21) days after receipt of the written decision confirming the arbitrability of the dispute. The written answer must admit the claim or describe the respondent's basis for denying liability to the claimant(s). The answer may include an admission or denial of each specific allegation contained in the claim and/or the respondent's narrative description of the facts and circumstances involved in the dispute. A respondent may assert in an answer any defense that would be available in a court of law or equity, including any affirmative defense.
- (g) Failure to Answer. A respondent's unexcused failure to file a timely answer shall constitute an admission of the facts alleged in a claim.
- (h) Counterclaims, Cross-Claims and Third-Party Claims. A respondent may assert any counterclaim, cross-claim and/or third-party claim to the extent such claim would be allowable as an original claim under these Rules. Each respondent must file any counterclaim, cross-claim or third-party claim at the same time an answer to a claim is due. Initiating counterclaims, cross-claims, third-party claims and answers thereto shall conform to the requirements for initiating and answering original claims. A respondent who believes that another Participant may have a claim to any money or property which is the subject of a dispute in arbitration and that the failure of that other Participant to assert a claim in the pending arbitration could prejudice the interests of the respondent may submit a request to the Market Regulation Department to compel the participation of the other Participant. If a Participant fails to file such claim after being ordered to assert that claim in the pending arbitration, then notwithstanding any other Rule, that Participant shall be barred from asserting in the future any claim against the respondent that is based on the same transaction, occurrence or subject.
- (i) Review of Arbitrability. Any party may file a challenge to the arbitrability of a dispute submitted for arbitration under this Rule. A party's failure to file a timely challenge to arbitrability shall waive any right to object thereafter to the arbitrability of the dispute. A challenge to arbitrability by a claimant must be filed no later than 5 days after the claim is submitted for arbitration. A challenge to arbitrability by a respondent must be filed no later than 10 days after the respondent has received notice of the claim. The request must be in writing and state the reasons why the dispute is not arbitrable. Any other party may file a written response in support of or opposition to the challenge no later than 10 days after receiving notice of the challenge to arbitrability. The Market Regulation Department may decide the arbitrability of a dispute based on his consideration of the written submissions of the parties. The Market Regulation Department's decision shall be final and is not appealable.

- (j) Consolidation of Arbitration Disputes. If the Market Regulation Department receives notice that two or more arbitration disputes are related, the Market Regulation Department may order that any or all of the disputes be consolidated for purposes of conducting a hearing on the disputes. In determining whether to consolidate the disputes the Market Regulation Department may consider the efficiencies of consolidation as well as the burdens and benefits to the parties in consolidating the disputes.
- (k) Withdrawal of Claims
- (i) A party may voluntarily withdraw its claim, counterclaim, cross-claim or third-party claim without prejudice at any time before an answer thereto has been filed by notifying the Market Regulation Department in writing of such withdrawal.
  - (ii) After an answer to any claim, counterclaim, cross-claim or third-party claim has been filed, the claimant seeking to withdraw the claim, counterclaim, cross-claim or third-party claim must submit to the Market Regulation Department a written request to withdraw with prejudice or upon such terms and conditions as may be imposed by the Market Regulation Department. A withdrawal under this Rule shall bar the claimant from re-filing any claim based on the same acts, transactions or omissions as the dismissed claim.
- (l) Period of Eligibility for Arbitration. An arbitration must be initiated within one year of the date the claimant knew or should have known of the dispute on which the claim is based. Counterclaims, cross-claims and third-party claims must be submitted no later than the date on which the answer is due.
- (m) Parallel Proceedings. No claim will be accepted for arbitration if the Market Regulation Department receives notice that another arbitration or civil court proceeding based on the same act, transaction or omission as the arbitration claim is pending at the time of filing. No claim, counterclaim, cross-claim or third party-claim will be accepted for arbitration against a respondent if the Market Regulation Department has received notice that a stay exists due to the pendency of any bankruptcy proceeding against that respondent. If such a stay arises after a claim is accepted for arbitration or if the Market Regulation Department subsequently learns that such a stay is pending, the claim shall be dismissed without prejudice as to each respondent who is the subject of the stay. Nothing in this Rule shall prevent a claim in arbitration from proceeding against any remaining respondent.
- (n) Requests for Documents, Information or Testimony
- (i) The initial schedule for document requests by parties and responses will be set by the Market Regulation Department. The Market Regulation Department may require any Participant or any Person employed by or associated with a Participant to produce relevant documents in his possession or control at any time after a claim has been filed. Upon the failure of a party or Participant to voluntarily produce relevant documents in its possession or control upon request by a party, the party seeking the documents may submit a written request to the Market Regulation Department for an order compelling the production of such documents. Any request for an order compelling production of documents must (1) identify each document or type of document sought with as much specificity as possible; (2) explain the relevance of each document or type of document sought; and (3) include a representation that the requesting party has attempted to obtain the documents from the responding party before resorting to a request to the Market Regulation Department.

- (ii) The party or Participant against whom an order compelling production is sought shall (1) produce copies of the requested documents to the requesting party and the Market Regulation Department; or (2) represent in writing that the documents are not in his possession or control and explain the basis for such representation, and, if applicable, identify who is in possession or control of the requested documents; or (3) object in writing to a request and provide the basis for each objection.
  - (iii) The Market Regulation Department may require any Participant, or any Person employed by or associated with a Participant, to appear and to testify at a hearing.
  - (iv) Whenever such production or appearance results from the request of a party, all reasonable costs and expenses incurred shall be borne by the party making the request, unless directed otherwise by the panel. A party who incurs costs and expenses recoverable under this Rule may, no later than the close of the last hearing date in the matter, submit an application to the panel for such costs and expenses. Such application shall contain a detailed explanation of amounts claimed. The panel may grant or deny all or any portion of the application.
  - (v) Any Participant or employee thereof failing to appear, testify or produce documents in accordance with this Rule may be charged with a violation of the Cboe Digital Exchange Spot Rules and may be subject to disciplinary actions under Rule 1202(B).
- (o) Documents and Witnesses to be Presented at Hearing. No later than 10 business days prior to the first scheduled hearing, each party must provide every other party and the Market Regulation Department with copies of all documents that the party intends to offer into evidence and a list of the names of all witnesses, including party-witnesses, who the party intends to call at the hearing in support of a claim or defense. Parties are not required under this Rule to provide copies of those documents that they may use, or to identify any witnesses whom they may call, only in cross-examination or rebuttal.

## **RULE 1208. Recordkeeping**

- (a) Participants must keep full and complete records, whether electronic or otherwise, and all pertinent data and written material, of all transactions relating to Cboe Digital Spot Contracts. Written and electronic records must be retained for a minimum of seven years in permanent form. Oral communications between Participants and their customers must be recorded and must be retained for a minimum of one year past the date on which the oral communication occurred. All records required to be retained shall at all times be open to inspection by the Market Regulation Department or Exchange staff.
- (b) A Participant shall not be in violation of Cboe Digital Exchange Rule 515 if the Participant's pre-programmed algorithms access the Cboe Digital Trading System tied to the same user login, so long as the Participant is able to provide an appropriate audit trail upon request of the Exchange that identifies for each order the submitting algorithm, system, or human intervenor (when human intervention is necessary).

## **RULE 1209. Limitation of Liability**

(a) EXCEPT AS PROVIDED BELOW, CBOE DIGITAL, LLC, INCLUDING THE CBOE DIGITAL SPOT MARKETS (THE "EXCHANGE"), ITS RESPECTIVE SUBSIDIARIES AND AFFILIATES, ITS AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS, LICENSORS, MEMBERS, AND PARTICIPANTS (THE "EXCHANGE PARTIES") SHALL NOT BE LIABLE TO ANY PERSON FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF USE, AND DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES), ARISING FROM:

- (i) ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE SYSTEMS AND SERVICES OF THE EXCHANGE OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES, INCLUDING WITHOUT LIMITATION ELECTRONIC ORDER ENTRY/DELIVERY, TRADING THROUGH ANY ELECTRONIC MEANS, ELECTRONIC COMMUNICATION OF MARKET DATA OR INFORMATION, PRICE REPORTING SYSTEMS AND ANY AND ALL TERMINALS, COMMUNICATIONS NETWORKS, CENTRAL COMPUTERS, SOFTWARE, HARDWARE, FIRMWARE AND PRINTERS RELATING THERETO; OR
- (ii) ANY FAILURE OR MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION OR TERMINATION, OR ANY OTHER CAUSE, OF ANY SYSTEM OR SERVICE OF THE EXCHANGE OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, CAUSED BY ANY THIRD PARTIES INCLUDING, BUT NOT LIMITED TO, INDEPENDENT SOFTWARE VENDORS AND NETWORK PROVIDERS; OR
- (iii) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE EXCHANGE OR ANY EXCHANGE SYSTEMS, SERVICES OR FACILITIES; OR
- (iv) ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF ANY EXCHANGE SYSTEMS, SERVICES OR FACILITIES BY ANY PERSON.

(b) THE FOREGOING LIMITATION OF LIABILITY SHALL APPLY WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, CONTRIBUTION OR OTHERWISE AND WHETHER THE CLAIM IS

BROUGHT DIRECTLY OR AS A THIRD PARTY CLAIM. A PARTY WHO HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN WILLFUL OR WANTON MISCONDUCT MAY NOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE.

- (c) THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS (INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR USE) PROVIDED BY THE EXCHANGE PARTIES, RELATING TO ANY SYSTEMS OR SERVICES OF THE EXCHANGE OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES.
- (d) ANY DISPUTE ARISING OUT OF THE USE OF SYSTEMS OR SERVICES OF THE EXCHANGE PARTIES OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES OF THE EXCHANGE PARTIES SHALL BE ARBITRATED PURSUANT TO THESE SPOT RULES. ANY ARBITRATION SHALL BE BROUGHT WITHIN THE PERIOD PRESCRIBED BY THE SPOT RULES. ANY OTHER ACTIONS, SUITS OR PROCEEDINGS AGAINST ANY OF THE ABOVE MUST BE BROUGHT WITHIN TWO YEARS FROM THE TIME THAT A CAUSE OF ACTION HAS ACCRUED. THIS PARAGRAPH D SHALL IN NO WAY BE CONSTRUED TO LIMIT A PARTY'S OBLIGATION TO ARBITRATE ITS CLAIM OR TO CREATE A CAUSE OF ACTION AND SHALL NOT AUTHORIZE AN ACTION THAT WOULD OTHERWISE BE PROHIBITED BY SPOT RULES. IF FOR ANY REASON, A COURT OF COMPETENT JURISDICTION FINDS THAT SUCH DISPUTE IS NOT ARBITRABLE, SUCH DISPUTE MAY ONLY BE LITIGATED IN THE COUNTY OF COOK IN THE STATE OF ILLINOIS AND WILL BE GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT REGARD TO ANY PROVISIONS OF ILLINOIS LAW THAT WOULD APPLY THE SUBSTANTIVE LAW OF A DIFFERENT JURISDICTION, UNLESS OTHERWISE REQUIRED BY STATE LAW, .
- (e) THE EXCHANGE ASSUMES RESPONSIBILITY FOR DIRECT, OUT-OF-POCKET LOSSES DIRECTLY CAUSED BY THE GROSS NEGLIGENCE OF EXCHANGE STAFF. IF SUCH LIABILITY IS ACCEPTED, THE TOTAL AGGREGATE OBLIGATIONS FOR THE EXCHANGE PARTIES SHALL NOT EXCEED \$200,000 FOR ALL LOSSES SUFFERED FROM ALL CAUSES PER INSTANCE, ALLOCATED AMONG THE PARTIES AFFECTED. ANY DISPUTED CLAIM MADE UNDER THIS RULE MUST BE ARBITRATED PURSUANT TO THE SPOT RULES.

## **RULE 1210. Spot Contract Specifications**

- (a) **Spot Contract Specifications.** Spot contract specifications are published on the Cboe Digital website at <https://www.erisx.com/product/digital-assets/>. The Exchange shall publish notice pursuant to Rule 309 with respect to any updates to the spot contract specifications.
  
- (b) **Settlement Methodology.** Trades in the Spot Contracts settle at the time of the trade. The Exchange will publish a closing price to be used for the purpose of calculating liquidating values for Participant accounts.