

CX Futures Exchange, L.P.
Rule Amendments Submission #2019-7
August 30, 2019

1. The text of the rule changes to the CX Futures Exchange L.P. (“Exchange” or “CX”) Rulebook is attached. Additions are underlined and deletions are stricken through. This rule has been approved by the Exchange. Capitalized terms, unless otherwise defined herein shall possess the meaning(s) ascribed in Exchange Rulebook
2. The proposed effective date is ten business days after receipt by the Commodity Futures Trading Commission (“CFTC” or “Commission”) of this submission.
3. Attached, please find a certification that: (1) these rules comply with the Commodity Exchange Act and the Commission’s regulations thereunder; and (2) concurrent with this submission, CX Futures Exchange, L.P. posted on its website: (i) a notice of pending certification of the rule submissions with the Commission; and (ii) a copy of this submission.
4. A concise explanation and analysis of the operation, purpose, and effect of the amended rule appears below.
5. There were no opposing views expressed regarding these amended rules.

**CONCISE EXPLANATION AND ANALYSIS OF THE PRODUCT AND ITS
COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT, INCLUDING
CORE PRINCIPLES AND THE COMMISSION’S REGULATIONS THEREUNDER**

Pursuant to Commission Rule 40.6(a)(7)(vi), the following is a concise explanation and analysis of the operation, purpose, and effect of the amended rules.

CX is amending eligibility and certain of the requirements relating to its Daily Liquidity Incentive program. The amended program provides that an incentive will be paid to the 5 largest liquidity providers on the Exchange and raises the payment cap from \$1000 to \$4500 per trader in any given month. CX is also amending the payment schedule to increase the rate of the incentive payment as a trader’s volume increases. The program shall be in effect for a period of one year. The Exchange in its discretion may terminate it upon three-days’ notice or renew the program at the expiration of the initial one-year period. Any termination notice will be posted on the Exchange’s website.

Payments under this amended schedule will be made beginning with the month of September and shall include all trading in the month beginning on September 1, 2019.

The Daily Liquidity Incentive Program is an incentive program under Exchange Rule V-10. CX Rule V-10 provides that the Exchange may adopt programs that grant certain benefits to Participants who assume “obligations in order to provide liquidity and orderliness in the market or markets for such Contract or Contracts.”

The Daily Liquidity Incentive Program compensates Participants who meet specified performance criteria that support liquidity in these contracts. The amendments change the schedule of incentive payments.

The Exchange has considered whether the amendments to the Daily Liquidity Incentive Program comply with Exchange Rule V-10 and with the following Core Principles:

- a) Core Principle 9: to provide a competitive, open, and efficient market for execution;
- b) Core Principle 12: to establish and enforce rules to protect markets and market participants from abusive practices and to promote fair and equitable trading on designated contract markets; and
- c) Core Principle 19: to avoid adopting any rules or taking any actions that result in unreasonable restraints of trade.

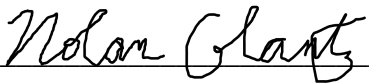
As stated above, the Daily Liquidity Incentive Program is designed to attract order flow while incentivizing market participants to provide liquidity. It places on Participants measurable obligations, the fulfillment of which will result in enhanced liquidity in the market. The incentive program will be in effect until one year from its effective date. The Exchange will make payment under this program beginning for trading during the month of September, 2019.

This incentive program complies with the cited Core Principles by encouraging enhanced liquidity in the contracts listed for trading on the Exchange in a manner designed to promote fair and equitable trading and, by being available to all participants, does not impose any restraint on trade or undue burden on competition.

**CERTIFICATIONS PURSUANT TO SECTION 5c OF THE
COMMODITY EXCHANGE ACT, 7 U.S.C. §7A-2 AND
COMMODITY FUTURES TRADING COMMISSION RULE
40.6, 17 C.F.R. §40.6**

I hereby certify that:

- (1) the amended Rules below comply with the Commodity Exchange Act, and the Commodity Futures Trading Commission's regulations thereunder; and
- (2) concurrent with this submission, CX Futures Exchange, L.P. posted on its website: (a) a notice of pending certification of the above Rules with the Commission; and (b) a copy of this submission.



By: Nolan Glantz
Title: Chief Operations Officer
Date: 8/30/2019

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CHAPTER XI
INCENTIVE PROGRAMS

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XI-101. Daily Liquidity Incentive Program (DLIP)

(a) This incentive program shall be available to any Participant that fulfills the obligations set forth in paragraph (b) who will thereby be eligible to receive an Incentive Payment as provided under section (c) and will automatically be considered for such payment without additional application to the Exchange.

(b) To qualify for an incentive payment a Participant must for any calendar month, trade no fewer than 100 contracts in any one, or in the aggregate, of CX's Daily Contracts, namely the DASI, DARI, HEDTI or LEDTI Contracts, and trade such amount on no fewer than at least 20 different Trading Days in that month.

(c) Incentive payments under the program will be paid in each month to the 5 Participants who qualify under paragraph (b) by providing the greatest liquidity to the Exchange, in an amount equal to \$0.01 per contract for up to the first 100,000 contracts, then \$0.015 per contract from 100,001 contracts up to 200,000 contracts, and \$0.02 per contract from 200,001 contracts up to 300,000 contracts, not to exceed a maximum \$4,500.00 1,000.00 per month per Participant. No more than 10 5 Participants may be in the program in the same month with priority given to those completing the obligations of (b) with the greatest trading volumes in that respective month.

(d) This program shall be in effect for one-year from its effective date and may be renewed in the absolute discretion of the Exchange for another year. The program may be terminated at any time by the Exchange in its absolute discretion upon three (3) days' notice. Payments will be made under the program as amended, for trading beginning on ~~July~~ September 1, 2019.

Initial effective date: ~~8/7/2019~~9/2019