



**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-102760; File No. SR-CFE-2025-002]**

**Self-Regulatory Organizations; Cboe Futures Exchange, LLC; Notice of a Filing of a Proposed Rule Change to Accommodate the Use of Multiple Clearing Houses**

April 2, 2025.

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> notice is hereby given that on March 24, 2025 Cboe Futures Exchange, LLC (“CFE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I, II, and III below, which Items have been prepared by CFE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. CFE also has filed this proposed rule change with the Commodity Futures Trading Commission (“CFTC”). CFE filed a written certification with the CFTC under Section 5c(c) of the Commodity Exchange Act (“CEA”)<sup>2</sup> on March 24, 2025.

**I. Self-Regulatory Organization’s Description of the Proposed Rule Change**

CFE currently utilizes The Options Clearing Corporation (“OCC”) as the Derivatives Clearing organization (“DCO”) for all CFE products. CFE plans to begin utilizing Cboe Clear U.S., LLC (“CCUS”) as the DCO for certain CFE products. CCUS is a DCO that is an affiliate of CFE.

The initial products that CFE plans to utilize CCUS to clear are financially-settled bitcoin (“FBT”) and ether (“FET”) futures. FBT and FET futures are not currently listed for trading on CFE. CFE plans to list these two products for trading in the near future. CFE currently plans to continue to utilize OCC to clear the CFE products that are currently listed for trading on CFE.

In the future, CFE may utilize either OCC or CCUS as the DCO for a CFE product,

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<sup>1</sup> 15 U.S.C. 78s(b)(7).

<sup>2</sup> 7 U.S.C. 7a-2(c).

provided that OCC or CCUS is otherwise authorized to act as the DCO for the applicable product. In particular, CFE would not utilize CCUS to clear security futures unless CCUS satisfied the applicable requirements in order to do so. Consistent with proposed amendments to CFE Rules 1603, 1803, and 1903 that are described below, CFE will continue to require OCC clearing of security futures and any change to the clearing entity used for security futures would be done after a proposed change.

The proposed rule change includes rule updates to accommodate the use by CFE of more than one DCO as a Clearing House for CFE products. The scope of this filing is limited solely to the application of the rule amendments to security futures that may be traded on CFE. Although no security futures are currently listed for trading on CFE, CFE may list security futures for trading in the future.

CFE is making the rule amendments included in this proposed rule change in conjunction with other rule amendments being made by CFE in connection with its planned use of more than one Clearing House which are not required to be submitted to the Commission pursuant to Section 19(b)(7) of the Act<sup>3</sup> and thus are not included as part of this rule change. Along these lines, if an amendment to a rule is included as part of this rule change and a different amendment to that rule is not required to be included as part of this rule change, this rule change discusses the former amendment to that rule but does not discuss the amendment to that rule that is not required to be included as part of this rule change.

CFE is submitting the rule amendments included as part of this proposed rule change to the Commission under Section 19(b)(7) of the Act<sup>4</sup> because they relate to reporting requirements, recordkeeping requirements, or fraud and would apply with respect to any security futures that may be traded on CFE or because they relate to the clearance and settlement of security futures

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<sup>3</sup> 15 U.S.C. 78s(b)(7).

<sup>4</sup> 15 U.S.C. 78s(b)(7).

that may be listed for trading on CFE. For reference, the rule amendments included as part of this proposed rule change that relate to reporting requirements, recordkeeping requirements, and fraud are to apply to all products traded on CFE, including both non-security futures and any security futures that may be listed for trading on CFE.

The text of the proposed rule change is attached as Exhibit 4 to the filing but is not attached to the publication of this notice.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, CFE included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. CFE has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, Proposed Rule Change

1. Purpose

The proposed rule change includes the following proposed rule amendments:

Paragraphs (b) and (e) of CFE Rule 403 (Order Entry and Maintenance of Front-End Audit Trail Information) currently require that single orders and bulk messages for quote updates submitted to CFE's trading system ("CFE System") must contain specified information. One item of information that is required to be included with each single order (other than a cancel order or cancel replace/modify order) and with each bulk message is the Clearing Corporation origin code. Paragraphs (b) and (e) of Rule 403 also currently provide that the Clearing Corporation origin codes are C for Customer and F for Firm. The proposed rule change is replacing these references to "Clearing Corporation origin code" in Rule 403(b) and Rule 403(e)

with references to “Clearing House origin code”. The term “Clearing House” will accommodate either OCC or CCUS.<sup>5</sup>

CFE plans to continue to require that the submission of the Clearing House origin code be in the format utilized by OCC (which is C for Customer and F for Firm), including for CFE products that are cleared by CCUS. CFE plans to convert these origin codes to the comparable CCUS origin codes (which are 1 for Customer and 2 for House) when CFE submits transactions to CCUS for clearing. Accordingly, there will be no change to what users are currently required to submit to CFE for the Clearing House origin code and CFE will make appropriate adjustments on the back end when submitting Clearing House origin code information to CCUS so that CCUS receives Clearing House origin codes in the CCUS format.

CFE Rule 410A (Reporting Open Interest Information to the Clearing Corporation) currently provides that each Clearing Member shall report to the Clearing Corporation, on each business day, gross position adjustment information as necessary to identify the actual open interest in each Clearing Member account at the Clearing Corporation based on the trading activity for that business day, to the extent required by and in accordance with the rules of the Clearing Corporation. The proposed rule change proposes to amend the title of Rule 410A by replacing the reference to “the Clearing Corporation” in the rule title with reference to “a Clearing House” in order to have the rule title apply with respect to both OCC and CCUS. Similarly, CFE is amending the above provision of Rule 410A by replacing references to “the Clearing Corporation” with references to “a Clearing House” or to “that Clearing House” in

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<sup>5</sup> The term “Clearing House” under CFE rules is proposed to mean The Options Clearing Corporation, a Delaware corporation (including its successors); Cboe Clear U.S., LLC, a Delaware limited liability company (including its successors); or such other derivatives clearing organization as the Exchange may designate in the future to provide clearing services with respect to any or all of its Contracts. CFE rules may also refer to The Options Clearing Corporation as “OCC” and Cboe Clear U.S., LLC as “CCUS”.

order to have this provision apply with respect to both OCC and CCUS without changing the substance of the provision.

Rule 410A also currently provides that gross position adjustment information is not required to be reported to the Clearing Corporation pursuant to this Rule 410A for Market Maker accounts at the Clearing Corporation or for transactions with respect to which a CFE Trading Privilege Holder (“TPH”) has designated as part of the applicable order submission to the Exchange whether the transaction is opening or closing. The proposed rule change proposes to amend this provision by replacing references to “the Clearing Corporation” with references to “OCC” since this provision only applies with respect to OCC and not with respect to CCUS. This provision only applies in relation to OCC and not CCUS given differences between OCC and CCUS functionality with respect to the processing of position adjustment information. Similarly, the proposed rule change also proposes to amend this provision to make clear that it applies solely with respect to market maker accounts at OCC and transactions for clearance by OCC with respect to which a TPH has designated as part of the applicable Order submission to

the Exchange whether the transaction is opening or closing. These revisions do not reflect any change to current requirements in relation to CFE products cleared by OCC.

CFE is making two corollary revisions to both Rule 414 (Exchange of Contract for Related Position) and Rule 415 (Block Trades) in relation to the reporting to the Exchange of exchange of contract for related position (“ECRP”) transactions<sup>6</sup> and block trades<sup>7</sup>.

First, CFE is amending Rule 414(i) and Rule 415(f) to provide that in order for an Authorized Reporter to report block trades or ECRP transactions to CFE on behalf of a TPH in a CFE contract, a Clearing Member that authorizes the Authorized Reporter to report block trades or ECRP transactions on behalf of the TPH must be a Clearing Member of the Clearing House for that CFE contract. Rule 414(i) and Rule 415(f) currently require each TPH that desires to execute ECRP transactions and block trades in CFE products to designate at least one Authorized Reporter that is pre-authorized by a CFE Clearing Member to report ECRP transactions and block trades to the Exchange on behalf of the TPH. The proposed amendments to those provisions make clear that if a TPH desires to execute ECRP transactions and block trades in a CFE contract cleared by OCC, the TPH must utilize an Authorized Reporter that is authorized by an OCC Clearing Member of CFE to report those transactions to CFE on behalf of the TPH. Similarly, the proposed amendments to those provisions make clear that if a TPH desires to execute ECRP transactions and block trades in a CFE contract cleared by CCUS, the TPH must

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<sup>6</sup> An ECRP transaction consists of a transaction in a contract listed on CFE and a transaction in a related position that is negotiated off of CFE’s trading facility and is then reported to CFE which meets the parameters for an ECRP transaction under CFE’s rules. The related position must have a high degree of price correlation to the underlying of the Contract transaction so that the Contract transaction would serve as an appropriate hedge for the related position. In every ECRP transaction, one party is the buyer of (or the holder of the long market exposure associated with) the related position and the seller of the corresponding contract and the other party is the seller of (or the holder of the short market exposure associated with) the related position and the buyer of the corresponding contract.

<sup>7</sup> A block trade is a large transaction in a contract listed on CFE that is negotiated off of CFE’s trading facility and is then reported to CFE which meets the parameters for a block trade under CFE’s rules.

utilize an Authorized Reporter that is authorized by a CCUS Clearing Member of CFE to report those transactions to CFE on behalf of the TPH.

Second, CFE is proposing to align Rule 414(k) and Rule 415(h) with Rule 403 in relation to the current requirements to provide the Clearing Corporation origin code with block trade and ECRP transaction submissions. As with the proposed amendments to Rule 403(b) and Rule 403(e), CFE is proposing to amend Rule 414(k) and Rule 415(h) to replace the references to “Clearing Corporation origin code” with references to “Clearing House origin code”.

Additionally, CFE is proposing to add in Rule 414(k) and Rule 415(h) a parenthetical to describe this origin code as C for Customer or F for Firm. The proposed addition of this parenthetical will conform references to this origin code in Rule 414(k) and Rule 415(h) with the references to this origin code in Rule 403(b) and Rule 403(e) which also include this parenthetical.

CFE Rule 420 (Transfers of Positions) includes a provision in Rule 420(c) which provides that each Clearing Member that is a party to a transfer of positions must make and retain records stating the nature of the transaction; the date of the transfer; the transfer prices and the date of those prices (including the “as of date,” if applicable); the name of the counter-party Clearing Member; and any other information required by the Clearing Corporation. The proposed rule change proposes to replace the reference to the “Clearing Corporation” in Rule 420(c) with a reference to the “applicable Clearing House” so that this reference encompasses both OCC and CCUS without changing the substance of Rule 420(c).

Paragraph (d) of CFE Rule 503A (Reporting by Futures Commission Merchants and Introducing Brokers) provides that each TPH that is a Futures Commission Merchant and (i) is not Clearing Member or (ii) is a Clearing Member that utilizes another Clearing Member for purposes of clearing Exchange contracts shall, in a form and manner prescribed by the Exchange, provide a report to the Exchange on a daily basis which sets forth the positions, if any, in Exchange contracts of the TPH’s customers held by any Clearing Member in the customer range at the Clearing Corporation. The proposed rule change proposes to replace the reference to “the

Clearing Corporation” in Rule 503A(d) with a reference to “a Clearing House” so that this reference encompasses both OCC and CCUS without changing the substance of Rule 503A(d).

CFE proposes to amend Rule 601 (Fraudulent Acts) in the same manner as CFE proposes to amend Rule 503A. The first sentence of Rule 601 provides that no TPH, Related Party, or Market Participant 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 Corporation. The proposed rule change proposes to replace the reference to “the Clearing Corporation” in the first sentence of Rule 601 with a reference to “a Clearing House” so that this reference encompasses both OCC and CCUS without changing the substance of Rule 601.

The CFE Rulebook currently contains three product rule chapters relating to security futures. These product rule chapters include Chapter 16 relating to Individual Stock Based and Exchange-Traded Fund Based Volatility Index (“Volatility Index”) futures, Chapter 18 relating to Single Stock Futures, and Chapter 19 relating to Narrow-Based Stock Index Futures. CFE does not currently list any security futures for trading under these product rule chapters but may do so in the future. Accordingly, CFE is proposing to amend these product rule chapters to specify the Clearing House for transactions in these products so that the applicable Clearing House is identified in CFE’s rules in the event that CFE were to list any security futures for trading under these product rule chapters.

The specific proposed amendments to Chapter 16, Chapter 18, and Chapter 19 include the following proposed revisions:

Chapter 16 includes CFE Rule 1603 entitled “Settlement”. CFE is proposing to provide in Rule 1603 that the Clearing House for transactions in Volatility Index futures is OCC and to amend the title of Rule 1603 to be “Clearance and Settlement” since the rule is now proposed to address clearance of Volatility Index futures by OCC. Rule 1603 also currently includes a paragraph which provides that Clearing Members holding open positions in a Volatility Index

futures contract at the termination of trading in that contract shall make payment to or receive payment from the Clearing Corporation. The proposed rule change proposes to replace the reference to the Clearing Corporation in this paragraph with a reference to OCC since OCC would be the Clearing House for a Volatility Index futures contract. Additionally, CFE is proposing to replace a reference to “The Options Clearing Corporation” in the last paragraph of Rule 1603 with a reference to “OCC”, which is the defined term for The Options Clearing Corporation.

Chapter 18 includes CFE Rule 1802 (Contract Specifications). Rule 1802(i) (Contract Adjustments) currently provides that adjustments to Single Stock Futures related to actions or transactions by or affecting the issuer of the underlying securities shall be made under the circumstances and in the manner from time to time prescribed by the Clearing Corporation. Rule 1802(k) (Final Settlement Price) provides that the final settlement price of a Single Stock Future shall be calculated in accordance with Rule 1802(j), unless the final settlement price is fixed in accordance with the Rules and By-Laws of the Clearing Corporation. CFE is proposing to replace the references to “the Clearing Corporation” in both Rule 1802(i) and Rule 1802(k) with references to “OCC” since OCC would be the Clearing House for Single Stock Futures.

Chapter 18 also includes CFE Rule 1803 entitled “Delivery”. CFE is proposing to provide in Rule 1803 that the Clearing House for transactions in Single Stock Futures is OCC and to amend the title of Rule 1803 to be “Clearance and Delivery” since the rule is now proposed to address clearance of Single Stock Futures by OCC. Rule 1803 also currently includes a paragraph which states:

Delivery of the Underlying Securities upon termination of a Single Stock Future, and payment of the price in respect thereof, shall be made in accordance with the Rules of the Clearing Corporation. As promptly as possible after the receipt of a notice of delivery from the Clearing Corporation with respect to a Single Stock Future held by a Trading Privilege Holder or Authorized Trader, such Trading Privilege Holder or Authorized Trader shall require the Customer to deposit the Underlying Security (in the case of a short position) or pay the aggregate price in respect thereof, in full and in cash (in the case of a long position), or in either case, if the transaction is effected in a margin

account, to make the required margin deposit in accordance with the applicable regulations of the Federal Reserve Board.

The proposed rule change proposes to replace the reference to “the Clearing Corporation” in the above paragraph with a reference to “OCC” since OCC would be the Clearing House for a Single Stock Future.

Chapter 19 includes CFE Rule 1902 (Contract Specifications). Rule 1902(h) (Contract Adjustments) currently provides that adjustments to Narrow-Based Stock Index Futures related to actions or transactions by or affecting the issuer of the underlying securities shall be made under the circumstances and in the manner from time to time prescribed by the Clearing Corporation. CFE is proposing to replace the reference to “the Clearing Corporation” in Rule 1902(k) with a reference to “OCC” since OCC would be the Clearing House for Narrow-Based Stock Index Futures.

Chapter 19 also includes CFE Rule 1903 entitled “Delivery”. CFE is proposing to make similar amendments to Rule 1903 as CFE is proposing to make to Rule 1803. In particular, CFE is proposing to provide in Rule 1903 that the Clearing House for transactions in Narrow-Based Stock Futures is OCC and to amend the title of Rule 1903 to be “Clearance and Delivery” since the rule is now proposed to address clearance of Narrow-Based Stock Futures by OCC. Rule 1903 also currently includes a paragraph which states:

Delivery of the Underlying Securities upon termination of a Narrow-Based Stock Index Future, and payment of the price in respect thereof, shall be made in accordance with the Rules of the Clearing Corporation. As promptly as possible after the receipt of a notice of delivery from the Clearing Corporation with respect to a Narrow-Based Stock Index Future held by a Trading Privilege Holder or Authorized Trader, such Trading Privilege Holder or Authorized Trader shall require such Customer to deposit the Underlying Securities (in the case of a short position) or pay the aggregate price in respect thereof, in full and in cash (in the case of a long position), or in either case, if the transaction is

effected in a margin account, to make the required margin deposit in accordance with the applicable regulation of the Federal Reserve Board.

The proposed rule change proposes to replace the reference to “the Clearing Corporation” in the above paragraph with a reference to “OCC” since OCC would be the Clearing House for a Narrow-Based Stock Index Future.

Paragraph C of Policy and Procedure (“P&P”) III (Resolution of Error Trades) of the Policies and Procedures Section of the CFE Rulebook addresses voluntary adjustment of a trade price when an error trade outside the “no bust range” is busted. The first sentence of Item 3 of Paragraph C of P&P III provides that the parties to any adjusted trade under Paragraph C must report that trade to the Clearing Corporation not later than by the close of business on the business day immediately succeeding the day on which the error trade occurred. CFE is proposing to amend this sentence to replace the reference to the “Clearing Corporation” with a reference to the “applicable Clearing House” so that it may apply in relation to either OCC or CCUS without changing the substance of the sentence.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>8</sup> in general, and furthers the objectives of Sections 6(b)(1)<sup>9</sup> and 6(b)(5)<sup>10</sup> in particular, in that it is designed:

- to contribute to the ability of the Exchange to enforce compliance by its TPHs and persons associated with its TPHs with the provisions of the rules of the Exchange,
- to prevent fraudulent and manipulative acts and practices,
- to promote just and equitable principles of trade,

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<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(1).

<sup>10</sup> 15 U.S.C. 78f(b)(5).

- to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities,
- to remove impediments to and perfect the mechanism of a free and open market and a national market system,
- and in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change contributes to the Exchange's ability to enforce compliance by its TPHs and persons associated with its TPHs with the provisions of the rules of the Exchange and to carry out the Exchange's responsibilities as a self-regulatory organization in that the proposed rule change facilitates the collection of information that the Exchange may utilize in monitoring for compliance with Exchange rules.

The Exchange believes that the proposed rule change contributes to the prevention of fraudulent and manipulative acts and practices and to the promotion of just and equitable principles of trade because the proposed rule change proposes to amend Rule 601, which prohibits fraudulent acts, to provide that Rule 601 applies in connection with or related to any activity related to a Clearing House and thus amends Rule 601 to apply with respect to any activity related to either OCC and CCUS.

The Exchange believes that the proposed rule change foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities in that the proposed rule change provides for the provision of information to the applicable Clearing House, including either OCC or CCUS.

Finally, the Exchange believes that the proposed rule change removes impediments to and perfect the mechanism of a free and open market and a national market system, and in general, protects investors and the public interest by facilitating the use by CFE or more than one Clearing House, which contributes to enhancing the overall market and clearance and settlement process for CFE products.

B. Self-Regulatory Organization's Statement on Burden on Competition

CFE does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes that the proposed rule change will not burden intra-market competition because the proposed rule amendments will apply equally to all CFE TPHs, Clearing Members, and Market Participants. The Exchange also believes that the proposed rule change will not burden inter-market competition because the proposed rule change contributes to the ability of the Exchange and its Clearing Houses to enforce compliance with their rules and to carry out their responsibilities as a registered entities by facilitating their collection of information that they may utilize in monitoring for compliance with their rules. Additionally, the Exchange believes that the proposed rule change fosters additional competition in relation to clearing services by facilitating the use by the Exchange of more than one Clearing House.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The proposed rule change will become operative on April 7, 2025. At any time within 60 days of the date of effectiveness of the proposed rule change, the Commission, after consultation with the CFTC, may summarily abrogate the proposed rule change and require that the proposed rule change be refiled in accordance with the provisions of Section 19(b)(1) of the Act.<sup>11</sup>

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

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<sup>11</sup> 15 U.S.C. 78s(b)(1).

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CFE-2025-002 on the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CFE-2025-002. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-CFE-2025-002, and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

[FR Doc. 2025-05964 Filed: 4/7/2025 8:45 am; Publication Date: 4/8/2025]

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<sup>12</sup> 17 CFR 200.30-3(a)(73).