including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

• Use the Commission's internet comment form (*http://www.sec.gov/rules/sro.shtml*); or

• Send an email to *rule-comments@sec.gov.* Please include File Number SR–BTNL–2026–001 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–BTNL–2026–001. This file number should be included on the subject line if email 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 filing 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–BTNL–2026–001 and should be submitted on or before October 14, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[51]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–19408 Filed 9–22–26; 8:45 am]

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[51] 17 CFR 200.30–3(a)(73).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106420; File No. SR–COIN–2026–002]

Self-Regulatory Organizations; Coinbase Derivatives, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Adoption of Coinbase Derivatives, LLC's Rules Governing Cash Settled Futures on Individual Equity Securities and Exchange-Traded Fund Shares, Including Perpetual Single-Stock Futures

September 18, 2026.

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 (the ''Act''),[1] notice is hereby given that on September 18, 2026, Coinbase Derivatives, LLC (''CDE'' or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. CDE has also filed this proposed rule change concurrently with the Commodity Futures Trading Commission (''CFTC''). The Exchange on September 18, 2026 submitted the proposed rule change to the CFTC for approval. The CFTC has not yet approved the proposed rule change.

I. CDE's Description and Text of the Proposed Rule Change

CDE is registered with the CFTC as a designated contract market under the CEA. CDE is making this filing in its capacity as a national securities exchange for security futures products (''SFPs'') registered pursuant to the notice registration provisions of Section 6(g) of the Act[2] to establish the rules governing the SFPs it plans to list for trading. Under its notice registration, CDE plans to list cash settled futures on individual equity securities and exchange-traded fund shares, including perpetual single-stock futures, as set forth in this proposed rule change.

CDE is adopting new Chapter 12 (Security Futures Products) of the CDE Rulebook to establish the listing standards, contract terms, corporate-action adjustment procedures, and trading, clearing, and settlement rules pursuant to which the Exchange will list and trade cash settled futures on individual equity securities and exchange-traded fund shares, including perpetual single-stock futures (collectively, the ''Proposed Rules''). Unlike a security futures product that provides for a fixed expiration and a scheduled final settlement, the contracts that CDE proposes to list under Chapter 12 (each, a ''Contract'') are perpetual security futures products that have no fixed expiration date; the Contracts are cash settled and do not provide for delivery of, or convey ownership in, the underlying security.

II. CDE's Statement of the Purpose of, and Statutory Basis for the Proposed Rule Change

In its filing with the Commission, the Exchange 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. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. CDE's Statement of the Purpose of, and Statutory Basis for the Proposed Rule Change

1. Purpose

CDE proposes to adopt Chapter 12 (Security Futures Products) of the CDE Rulebook to allow the listing and trading of cash settled futures on individual equity securities and exchange-traded fund shares, including perpetual single-stock futures. Chapter 12 establishes, as an integrated framework, the listing standards, contract specifications, corporate-action adjustments, and trading, clearing, and settlement rules applicable to the Contracts. Proposed Chapter 12 comprises Rules 1201 through 1225. The Exchange will adopt under a separate rule filing pursuant to Section 19(b)(2) of the Act and Rule 19b–4

[1] 15 U.S.C. 78s(b)(7).

[2] 15 U.S.C. 78f(g). On September 1, 2026, CDE, in its capacity as a designated contract market under the Commodity Exchange Act, submitted a Form 1–N notice filing to the Commission to register as a national securities exchange for security futures products pursuant to the notice registration provisions of Section 6(g) of the Act. On September 8, 2026, the Commission issued a notice acknowledging receipt of such written notice and effectiveness of CDE's notice registration as a national securities exchange contemporaneously with CDE's submission of the 1–N notice on September 1, 2026. *See* Acknowledgement of Receipt of Notice of Registration as a National Securities Exchange Pursuant to Section 6(g) of the Securities Exchange Act of 1934 by Coinbase Derivatives, LLC (September 8, 2026) [Release No. 34–106295; File No. 10–252], *available at https://www.sec.gov/files/rules/other/2026/34-106295.pdf.*

thereunder proposed rules addressing margin.[3]

As detailed further below, the proposed Chapter 12 specifies the scope and application of the Chapter (Rule 1201); defines terms used in the Chapter (Rule 1202); establishes initial and continued listing standards for the underlying securities (Rule 1203); provides for the publication of a contract-specific Product Appendix for each Contract (Rule 1204); and sets out rules governing trading hours (Rule 1205), participant access and order entry (Rule 1206), regulatory halts and trading halts (Rule 1207), position limits and position accountability (Rule 1208), daily settlement prices and price controls (Rule 1209), the absence of a scheduled final settlement (Rule 1210), the determination of an index price (Rule 1211), funding payments (Rule 1212), adjustments for corporate actions (Rule 1213), wind-down, termination, and delisting (Rule 1214), U.S. withholding tax and participant eligibility (Rule 1216), the prohibition on trading by certain persons (Rule 1217), reporting and publication (Rule 1218), block trades and basis trades (Rule 1219), error trades and price adjustments (Rule 1220), clearing (Rule 1221), approved securities (Rule 1222), amendments, additions, suspensions, and delistings (Rule 1223), participant disclosures (Rule 1224), and data publication (Rule 1225).[4]

Rule 1201. Scope and Application

Rule 1201 provides that Chapter 12 governs the listing, trading, clearing, adjustment, and settlement on the Exchange of security futures products as defined in Section 1a(45) of the CEA and Section 3(a)(56) of the Act, including perpetual futures contracts on individual equity securities and exchange-traded fund shares. The rule further provides that all rules of the Exchange apply to the Contracts, but in the event of any conflict, Chapter 12 governs. Matters not specifically addressed in Chapter 12 shall be governed by the other rules of the Exchange, the rules of Nodal Clear, LLC (the ''Clearing House''), and applicable law.

Rule 1202. Definitions

Rule 1202 proposes adding defined terms to be used in Chapter 12. Among other terms, Rule 1202 defines:

- ''Clearing House'' to mean Nodal Clear, LLC, or any successor clearing organization designated by the Exchange in accordance with applicable law.
- ''Contract Unit'' to mean the number of shares of the Underlying Security represented by one Contract, as specified in the applicable Product Appendix.
- ''Corporate Action'' to mean any stock split, reverse split, fractional split, stock dividend, stock distribution, cash dividend, extraordinary or special dividend, rights offering, spin-off, merger, acquisition, tender offer, ticker change, name change, delisting, suspension, or other event affecting the economics, reference price, or continued listing of a Contract.
- ''Corporate Action Circular'' to mean a notice published by the Exchange on the Exchange website describing the treatment of a Corporate Action affecting a Contract.
- ''Corporate Action Reference Price'' to mean the price of the Underlying Security or other relevant value, in each case as determined by the Exchange at the time of the relevant Corporate Action pursuant to the applicable Product Appendix, Corporate Action Circular, or other Exchange procedures.
- ''Daily Settlement Price'' to mean the daily settlement price for a Contract determined under Exchange Rule 1209.
- ''Exchange Act'' to mean the Act.
- ''Funding Interval'' means the interval specified in the applicable Product Appendix or identified Market Reference Materials for calculation of Funding Rates and Funding Payments.
- ''Funding Payment'' to mean the amount debited or credited to an open position under Exchange Rule 1212.
- ''Funding Rate'' to mean the rate determined pursuant to the applicable Product Appendix or identified Market Reference Materials.
- ''Index Price'' to mean the reference price for the Underlying Security determined under Exchange Rule 1211.
- ''Mark Price'' to mean the mark price of a Contract as determined by the Exchange.
- ''Market Reference Materials'' to mean Exchange-published materials identified in the applicable Product Appendix that set forth Index Price methodology, funding methodology, price fluctuation limits, trading parameters, or related operational terms for a Contract.
- ''NMS security'' by reference to the meaning set forth in Rule 600 under the Act.
- ''Primary Listing Exchange'' to mean the national securities exchange on which the Underlying Security is primarily listed.
- ''Product Appendix'' to mean the contract-specific appendix, specification, or other contract terms published by the Exchange for a Contract pursuant to Exchange Rule 1204.
- ''Regulatory Halt'' to mean a halt, pause, suspension, or similar regulatory trading interruption in the Underlying Security, including any halt under the Plan to Address Extraordinary Market Volatility, NYSE Rule 7.12, Nasdaq Rule 4121, or successor provisions.
- ''Underlying Security'' to mean the equity security, including an exchange-traded fund share or other eligible equity security, to which a Contract relates.

Rule 1203. Listing Standards

Rule 1203 sets out the standards pursuant to which the Exchange will list Contracts. The proposed listing standards are similar to the sample listing standards published in Staff Legal Bulletin No. 15[5] except that Rule 1203:

i. Provides for the trading of perpetual futures contracts on individual equity securities and exchange-traded fund shares as SFPs.

ii. Includes more stringent listing standard requirements, including that the Underlying Security's estimated deliverable supply, determined consistent with Appendix A to Subpart C of Part 41 of the CFTC's regulations, must exceed 20 million shares; the Underlying Security must have a minimum market capitalization of at least $100 billion; and the Underlying Security must have a minimum average daily value of transactions (''ADVT'') of at least $450 million over the prior six months, except where the Underlying Security has been listed for trading for less than six months, in which case the requirement would be a minimum ADVT of at least $1 billion over the prior month.

iii. Includes more stringent maintenance listing standard requirements, including that the Underlying Security must have an estimated deliverable supply in excess of 20 million shares; the Underlying Security must have a minimum market capitalization of at least $50 billion; and the Underlying Security must have had a minimum ADVT of at least $200 million over the prior calendar quarter, except where the Underlying Security has been listed for trading for less than

[3] Proposed Rule 1215 will address customer margin, and Rules 1212(c), 1213(e) and (f), and 1221(c) clarify the application of the margin rules in specific contexts.

[4] In addition, CDE proposes to amend Rule 101 to add the defined term ''SEC'' to mean the U.S. Securities and Exchange Commission.

[5] SEC Division of Market Regulation: Staff Legal Bulletin No. 15: Listing Standards for Trading Security Futures Products (September 5, 2001).

a quarter, in which case the requirement would be a minimum ADVT of at least $1 billion over the period traded during the calendar quarter.

Rule 1203(a) provides that the Exchange shall list a Contract only if the Underlying Security satisfies each of the following requirements. *First,* it must be a common stock or a security issued by an exchange-traded fund (''ETF Share''), and the issuer is in compliance with any applicable requirements of the Exchange Act. *Second,* it must be registered under Section 12 of the Exchange Act, and its issuer must be in compliance with any applicable requirements of the Exchange Act. *Third,* it must be listed on a national securities exchange or traded through the facilities of a national securities association and reported as an NMS security. *Fourth,* there must be at least seven million shares outstanding that are owned by persons other than those required to report their security holdings pursuant to Section 16(a) of the Act. *Fifth,* its estimated deliverable supply, as reasonably determined by the Exchange consistent with Appendix A to Subpart C of Part 41 of the CFTC's regulations, must exceed 20 million shares. *Sixth,* it must have a minimum market capitalization of at least $100 billion. *Seventh,* it must have a minimum ADVT of at least $450 million over the prior six months, except where the Underlying Security has been listed for trading for less than six months, in which case the Underlying Security must have had a minimum ADVT of at least $1 billion over the prior month. *Eighth,* in the case of an Underlying Security other than an ETF Share, there must be at least 2,000 security holders. *Ninth,* in the case of an Underlying Security that is an ETF Share, it must have had a total trading volume (in all markets in which the Underlying Security has traded) of at least 2,400,000 shares or receipts evidencing the Underlying Security in the preceding 12 months. *Tenth,* if the Underlying Security is a ''covered security'' as defined under Section 18(b)(1)(A) of the Securities Act of 1933 (''Securities Act''), the market price per share of the Underlying Security has been at least $3.00 for the previous five consecutive business days preceding the date on which the Exchange commences to list and trade the Contract on said Underlying Security. For purposes of this condition, the market price of such Underlying Security is measured by the closing price reported in the primary market in which the Underlying Security is traded. *Eleventh,* if the Underlying Security is not a ''covered security'' as defined under Section 18(b)(1)(A) of the Securities Act, the market price per share of the Underlying Security must be at least $7.50 for the previous five consecutive business days preceding the date on which the Exchange commences to list and trade the Contract on said Underlying Security. As with the tenth condition, for purposes of the eleventh condition, the market price of the Underlying Security is measured by the closing price reported in the primary market in which the Underlying Security is traded. *Lastly,* the Exchange shall not list for trading any Contract where the Underlying Security is a ''Restructure Security,'' as defined below, that is not yet issued and outstanding, regardless of whether the Restructure Security is trading on a ''when issued'' basis or on another basis that is contingent upon the issuance or distribution of shares.

In addition, Rule 1203(a) includes interpretations for requirements (4), (8), (10), and (11). Interpretation of Rule 1203(a)(4) provides that ''[i]n the case of an equity security that a company issues or anticipates issuing as the result of a spin-off, reorganization, recapitalization, restructuring or similar corporate transaction ('Restructure Security'), the Exchange may assume that this requirement is satisfied if, based on a reasonable investigation, the Exchange determines that, on the product's intended listing date: (A) at least 40 million shares of the Restructure Security will be issued and outstanding; or (B) the Restructure Security will be listed on an exchange or automated quotation system that is subject to an initial listing requirement of no less than seven million publicly owned shares.'' The interpretation further provides that ''[i]n the case of a Restructure Security issued or distributed to the holders of the equity security that existed prior to the ex-date of a spin-off, reorganization, recapitalization, restructuring or similar corporate transaction ('Original Equity Security'), the Exchange may consider the number of outstanding shares of the Original Equity Security prior to the spin-off, reorganization, recapitalization, restructuring or similar corporate transaction ('Restructuring Transaction').''

Interpretation of Rule 1203(a)(8) provides that ''[i]f the security under consideration is a Restructure Security, the Exchange may assume that this requirement is satisfied if, based on a reasonable investigation, the Exchange determines that, on the product's intended listing date: (A) at least 40 million shares of the Restructure Security will be issued and outstanding; or (B) the Restructure Security will be listed on an exchange or automated quotation system that is subject to an initial listing requirement of at least 2,000 shareholders.'' The interpretation further provides that ''[i]n the case of a Restructure Security issued or distributed to the holders of the Original Equity Security, the Exchange may consider the number of shareholders of the Original Equity Security prior to the Restructuring Transaction.''

Interpretation of Rule 1203(a)(10) provides for a ''Look-Back Test,'' which provides that ''[i]n determining whether a Restructure Security that is issued or distributed to the shareholders of an Original Equity Security (but not a Restructure Security that is issued pursuant to a public offering or rights distribution) satisfies this requirement, the Exchange may 'look back' to the market price history of the Original Equity Security prior to the ex-date of the Restructuring Transaction if the following Look-Back Test is satisfied: (a) The Restructure Security has an aggregate market value of at least $500 million; (b) The aggregate market value of the Restructure Security equals or exceeds the Relevant Percentage (defined below) of the aggregate market value of the Original Equity Security; (c) The aggregate book value of the assets attributed to the business represented by the Restructure Security equals or exceeds both $50 million and the Relevant Percentage of the aggregate book value of the assets attributed to the business represented by the Original Equity Security; or (d) The revenues attributed to the business represented by the Restructure Security equals or exceeds both $50 million and the Relevant Percentage of the revenues attributed to the business represented by the Original Equity Security.'' The interpretation further provides that ''[f]or purposes of determining whether the Look-Back Test is satisfied, the term 'Relevant Percentage' means: (i) 25%, when the applicable measure determined with respect to the Original Equity Security or the business it represents includes the business represented by the Restructure Security; and (ii) 33-1/3%, when the applicable measure determined with respect to the Original Equity Security or the business it represents excludes the business represented by the Restructure Security.'' The interpretation further specifies that ''in calculating comparative aggregate market values, the Exchange will use the Restructure Security's closing price on its primary market on the last business day prior to the date on which the Restructure Security is selected as an Underlying

Security for a Contract ('Selection Date'), or the Restructure Security's opening price on its primary market on the Selection Date, and will use the corresponding closing or opening price of the related Original Equity Security,'' and that, ''in calculating comparative asset values and revenues, the Exchange will use the issuer's (i) latest annual financial statements; or (ii) most recently available interim financial statements (so long as such interim financial statements cover a period of not less than three months), whichever are more recent. Those financial statements may be audited or unaudited and may be pro forma.''

Interpretation of Rule 1203(a)(10) also provides guidance on ''Restructure Securities Issued in Public Offering or Rights Distribution,'' providing that ''[i]n determining whether a Restructure Security that is distributed pursuant to a public offering or a rights distribution satisfies requirement 10, the Exchange may look back to the market price history of the Original Equity Security if: (i) the foregoing Look-Back Test is satisfied; (ii) the Restructure Security trades 'regular way' on an exchange or automatic quotation system for at least five trading days immediately preceding the Selection Date; and (iii) at the close of trading on each trading day on which the Restructure Security trades 'regular way' prior to the Selection Date, as well as at the opening of trading on Selection Date, the market price of the Restructure Security was at least $3.00.''

Interpretation of Rule 1203(a)(10) further provides for a ''Limitation on Use of Look-Back Test.'' Specifically, ''[e]xcept in the case of a Restructure Security that is distributed pursuant to a public offering or rights distribution, the Exchange will not rely upon the market price history of an Original Equity Security for any trading day unless it also relies upon the trading volume history for that trading day. In addition, once the Exchange commences to rely upon a Restructure Security's trading volume and market price history for any trading day, the Exchange will not rely upon the trading volume and market price history of the related Original Equity Security for any trading day thereafter.''

Interpretation of Rule 1203(a)(11) provides for an interpretation that is identical to the interpretation provided for requirement 10, except that the relevant market price of the Restructure Security for purposes of determining whether a Restructure Security that is distributed pursuant to a public offering or rights distribution satisfies requirement 11 is $7.50, instead of $3.00.

Rule 1203(b) provides that the Exchange shall not list additional Contracts on an Underlying Security, and may prohibit opening purchase transactions in an existing Contract, to the extent it deems such action necessary or appropriate, unless the Underlying Security meets each of the following maintenance requirements; provided that, if the Underlying Security is an ETF Share, the applicable requirements for initial listing of the related Contract (as described in Rule 1203(a) above) shall apply in lieu of the following maintenance requirements. *First,* it must be registered under Section 12 of the Exchange Act. *Second,* there must be at least 6,300,000 shares outstanding that are owned by persons other than those who are required to report their security holdings under Section 16(a) of the Exchange Act. *Third,* there must be at least 1,600 shareholders. *Fourth,* it must have had a minimum ADVT of at least $200 million for the prior calendar quarter, except where the Underlying Security has been listed for trading for less than a quarter, in which case the Underlying Security must have had a minimum average daily value of transactions of at least $1 billion over the period traded during the calendar quarter. *Fifth,* its estimated deliverable supply, as reasonably determined by the Exchange consistent with Appendix A to Part 41 of the CFTC Regulations, must exceed 20 million shares. *Sixth,* it must have a minimum market capitalization of at least $50 billion. *Seventh,* the market price per share must have closed above $3.00 for five consecutive business days. The market price per share of the Underlying Security will be measured by the closing price reported in the primary market in which the Underlying Security traded.

Interpretation of Rule 1203(b)(7) provides that, ''[i]f a Restructure Security is approved for Security Futures Product trading under the initial listing standards in Rule 1203(a), the market price history of the Original Equity Security prior to the commencement of trading in the Restructure Security, including 'when-issued' trading, may be taken into account in determining whether this requirement is satisfied.''

Rule 1203(b)(7) further provides that if prior to the withdrawal from trading of a Contract covering an Underlying Security that has been found not to meet the Exchange's requirements for continued approval, the Exchange determines that the Underlying Security again meets the Exchange's requirements, the Exchange may list additional Contracts on the Underlying Security and may lift any restriction on opening purchase transactions.

Rule 1203(c) provides that the Exchange shall maintain coordinated surveillance procedures with each Primary Listing Exchange and with other markets on which related securities or derivatives trade, sufficient to detect manipulation and insider trading.

Rule 1203(d) provides that the Exchange shall review each listed Underlying Security against the listing standards not less frequently than semi-annually.

Rule 1203(e) provides that whenever the Exchange announces that approval of an Underlying Security has been withdrawn for any reason or that the Exchange has been informed that the issuer of an Underlying Security has ceased to be in compliance with Exchange Act reporting requirements, each Participant Firm shall, prior to effecting any transaction in Contracts with respect to such Underlying Security for any Customer, inform such Customer of such fact and that the Exchange may prohibit further transactions in such Contracts as it determines is necessary and appropriate.

Rule 1204. Product Appendix

Rule 1204 provides that the Exchange shall publish for each Contract a Product Appendix. The Product Appendix functions as the specification sheet for a given Contract and specifies, as applicable, (1) the Underlying Security; (2) the contract code; (3) the Contract Unit; (4) the minimum price increment and tick value; (5) the trading hours; (6) the Daily Settlement Price methodology; (7) the Index Price source and methodology, including any identified Market Reference Materials; (8) the Funding Rate methodology, Funding Payment treatment, and any identified Market Reference Materials; (9) the applicable position limit, accountability level, and reportable level; (10) the applicable price fluctuation limits and other price controls, including any identified Market Reference Materials; (11) the block trade minimum quantity and related conditions, if any; (12) the fees and charges applicable to the Contract; and (13) such other terms as the Exchange may specify. The rule further provides that ''[e]ach Product Appendix forms part of these Rules,'' and that ''[a]mendments to a Product Appendix shall be made in accordance with Rule 1223 and applicable law.'' Rule 1204(d) provides that for each Contract listed by the Exchange, the Contract's terms shall be in accordance with the schedule provided in such paragraph (d).

Rule 1205. Trading Hours

Rule 1205 establishes the defined trading hours during which the Contracts will trade. Contracts shall trade from Sunday at 20:00 Eastern Time through Friday at 17:00 Eastern Time, except during holidays, maintenance windows, or other periods specified by the Exchange. The rule further provides that the Exchange may modify trading hours for a Contract by rule, filing, certification, notice, or other action permitted by applicable law.

Rule 1206. Participant Access and Order Entry

Rule 1206 provides that access to trading in Contracts shall be governed by the CDE Rulebook, as filed with the Commission on September 1, 2026, concerning membership, access, customer protection, order entry, market conduct, and supervision, except as otherwise provided in Chapter 12. Rule 1206 further provides that only futures commission merchants, introducing brokers, commodity trading advisors, commodity pool operators, or associated persons subject to suitability rules comparable to those of a national securities association registered under Section 15A(a) of the Act may solicit, accept any order for, or otherwise deal in any transaction in or in connection with a Contract.

Rule 1207. Regulatory Halts and Trading Halts

Rule 1207 provides that trading in a Contract shall be halted at all times during which a Regulatory Halt has been instituted for the Underlying Security, and that all Contracts are subject to market-wide circuit breakers and coordinated halts applicable to the U.S. equity markets. The rule further provides that the Exchange may halt, pause, suspend, reject, cancel, or restrict trading in a Contract where necessary to maintain a fair and orderly market, including in connection with (1) a Corporate Action; (2) a market disruption; (3) an Index Price disruption or data outage; (4) a clearly erroneous or aberrant market condition; or (5) a planned or unplanned wind-down, delisting, or termination of the Contract.

Rule 1207 further provides that the Exchange shall maintain procedures to coordinate trading halts and resumptions with the Primary Listing Exchange, the Clearing House, and other relevant markets, and that trading in a Contract shall resume in accordance with Exchange procedures after the relevant halt condition has ended and the Exchange determines that resumption is consistent with investor protection and fair and orderly markets.

Rule 1208. Position Limits and Position Accountability

Rule 1208 provides that each Contract shall be subject to such position limit, accountability level, and reportable level as the Exchange establishes and publishes in the applicable Product Appendix. Rule 1208(a) provides that limits for each Contract shall be set at 200,000 contracts in the context of 100 share contracts (or the equivalent thereto, to the extent contracts are listed in another size). Rule 1208 further provides that, because Contracts have no fixed expiration date, any position limits established under the rule apply at all times and are not limited to any period preceding expiration. The rule provides that the Exchange shall review applicable position limits and accountability levels not less frequently than semi-annually, or more frequently if the Exchange determines appropriate.

Rule 1208 provides that the Exchange shall establish position limits or accountability levels for each Contract consistent with applicable law, including CFTC Regulation § 41.25(b)(3), and may revise such levels based on deliverable supply, trading volume, market conditions, or other relevant factors. Where a position exceeds an otherwise applicable limit solely as a result of an adjustment under Rule 1213, the rule provides that such excess shall not constitute a violation, provided that no position-increasing transactions may be effected until the position is reduced below the applicable limit, unless otherwise permitted by the Exchange.

The rule also provides that applications for exemptions or waivers permitted by law shall be made to the Exchange in such form and manner as the Exchange may prescribe, and that positions shall be aggregated, and netting shall be permitted or prohibited, in each case as provided by applicable law and the CDE Rulebook.

Rule 1209. Daily Settlement Price and Price Controls

Rule 1209(a) provides that the Daily Settlement Price for a Contract shall be determined at 16:00 Eastern Time as follows, in order: (1) the one-minute volume-weighted average price of the Contract, rounded to the nearest tradable tick; (2) if the foregoing is unavailable, the one-minute time-weighted average of the midpoint of the best bid and best offer for the Contract, rounded to the nearest tradable tick; and (3) if no two-sided market is available during the sixty (60) seconds preceding 16:00 Eastern Time, the Index Price less the difference between the prior day's Index Price and the prior day's Daily Settlement Price.

Rule 1209 further provides that the Exchange may determine a Daily Settlement Price using another methodology where necessary to reflect an accurate price or maintain a fair and orderly market, and shall publish notice of any such action as soon as practicable; that each Contract shall be subject to such price fluctuation limits, dynamic price bands, and other price controls as the Exchange establishes in the applicable Product Appendix and identified Market Reference Materials; and that the Exchange's generally applicable fast-market, order-management, and market-integrity controls apply to Contracts.

Rule 1210. No Scheduled Final Settlement

Rule 1210 provides that Contracts have no fixed expiration date and no scheduled final settlement and a Contract may be terminated and settled in cash only upon an event specified in Rule 1213 or Rule 1214. Convergence between the price of a Contract and the price of the Underlying Security is effected through the funding mechanism described in Rule 1212, the applicable Product Appendix, and identified Market Reference Materials.[6]

Rule 1211. Index Price

Rule 1211 provides that the Exchange shall determine an Index Price for each Contract pursuant to a transparent, objective methodology designed to reflect the price of the Underlying Security in a manner that is reliable and resistant to manipulation. Rule 1211 provides that the Index Price methodology for each Contract shall be set forth in the applicable Product Appendix or identified Market Reference Materials published prior to listing; and that the methodology may incorporate direct equity feeds and such related inputs, validation checks, fallbacks, and operational controls as the Exchange specifies for the relevant Contract.

The rule further provides that where the Index Price is unavailable, delayed, stale, erroneous, or materially inaccurate, the Exchange may determine

[6] SEC Rule 6h–1(b) and CFTC Regulation § 41.25(c) provide that the final settlement price of a cash-settled security futures product must fairly reflect the opening price of the underlying security or securities. Because the Contracts are perpetual security futures products that have no fixed expiration date and do not contemplate a final settlement price within the meaning of those rules, those provisions do not apply.

substitute inputs, replacement values, or other measures in accordance with the applicable Product Appendix, identified Market Reference Materials, and such authority as may be necessary to maintain a fair and orderly market; and that the Exchange shall provide notice of any material change to the Index Price methodology, except where immediate action is necessary to protect investors, the public interest, or the fair and orderly operation of the market. Rule 1211(f) provides that for each Contract listed by the Exchange, the Index Price shall be calculated in accordance with the schedule provided in such paragraph (f).

Rule 1212. Funding Payments

Rule 1212 provides that open positions are subject to Funding Payments. The rule also provides that the Funding Rate methodology, Funding Payment mechanics, Funding Interval, publication practices, and operational timing for each Contract shall be set forth in the applicable Product Appendix and identified Market Reference Materials.

The rule further provides that Funding Payments may be processed through the Clearing House as cash adjustments separate from variation margin; and that the Exchange may suspend, defer, modify, or decline to publish or apply Funding Rates or Funding Payments during market disruptions, trading halts, data outages, Corporate Actions, or other circumstances where the Exchange determines such action is necessary to maintain a fair and orderly market.[7] Rule 1212 further provides that, where a Contract is closed, paused, or halted for an entire Funding Interval, the Exchange may decline to publish a Funding Rate for that interval, as specified in the applicable Product Appendix or identified Market Reference Materials. Rule 1212(f) provides that for each Contract listed by the Exchange, Funding Payments shall be calculated in accordance with the schedule provided in such paragraph (f).

Rule 1213. Adjustments for Corporate Actions

Rule 1213 provides that the Exchange shall determine the treatment of a Corporate Action affecting a Contract and shall publish a Corporate Action Circular specifying the applicable treatment, timing, and operational details, and that the Clearing House shall process any resulting position adjustments, cash adjustments, settlements, or related actions in accordance with the CDE Rulebook, its own rules, and applicable procedures. The rule provides that the Contract Unit shall not be redefined by any adjustment under the rule, and that an adjustment under the rule is intended solely to preserve, as nearly as practicable, the aggregate economic exposure represented by an open position immediately before the relevant Corporate Action.

Rule 1213(d)–(p) specifies the treatment of particular Corporate Actions, in the manner specified in the applicable Product Appendix or Corporate Action Circular, including:

- Ordinary cash dividends. No adjustment shall be made for an ordinary cash dividend. The economic effect of such dividend is expected to be reflected through the market price and funding mechanism.
- Stock splits, reverse splits, fractional splits, stock dividends, and similar stock distributions. The Exchange shall adjust open position quantity by the applicable ratio and adjust the relevant reference price inversely, so that aggregate economic exposure is preserved as nearly as practicable.[8]
- Settlement-price restatement. The Exchange may restate the prior Daily Settlement Price where appropriate to avoid a mechanical variation-margin gain or loss caused solely by such an adjustment.[9]
- Special or extraordinary cash dividends. The Exchange may determine, in its discretion, whether an adjustment is appropriate for a special or extraordinary cash dividend and, if so, may apply such position, or price adjustment, as it determines appropriate by reference to the Corporate Action Reference Price or other relevant values determined at the time of the event.
- Rights offerings. The Exchange may adjust open position quantity, relevant reference prices, and any resulting residual amount in the manner specified in the applicable Product Appendix or Corporate Action Circular.
- Spin-offs. Where the Underlying Security is subject to a spin-off or similar separation event, the Exchange may settle open positions at the blended value of the Underlying Security price and the price of any spin-off Underlying Security price.
- Mergers and acquisitions. Where the Underlying Security is subject to a merger, acquisition, tender offer, cash transaction, stock-for-stock transaction, mixed consideration transaction, or similar event inconsistent with continued listing of the Contract, the Exchange may terminate the affected Contract and settle open positions in cash using the value of the transaction consideration and any related Underlying Security price, in each case as determined by the Exchange at the time of the event and specified in the applicable Corporate Action Circular. A successor Contract may be listed where appropriate.
- Ticker and name changes. The Exchange may halt trading, update symbology and market-data references, and reopen trading without economic adjustment.
- Delisting or trading suspension of Underlying Security. If the Underlying Security is delisted, suspended, or otherwise becomes unavailable for continued listing without sufficient prior notice to permit an orderly wind-down, trading in the affected Contract shall halt and open positions shall be settled at a publicly published fair value or such other value as the Exchange determines under the Rules, after which the Contract shall be delisted.

Rules 1213(m) through (p) address the timing and operational aspects of any adjustment or settlement, the treatment of margin across an adjustment, the maintenance of books and records linking any adjusted or settled position to the relevant pre-event position, and the publication of a Corporate Action Circular for each Corporate Action the Exchange determines to be material to a Contract.

[7] Proposed Rule 1212(c) provides that ''Funding Payments may be processed through the Clearing House as cash adjustments separate from variation margin.'' As noted, the Exchange will adopt under a separate rule filing pursuant to Section 19(b)(2) of the Act and Rule 19b–4 thereunder proposed rules addressing margin.

[8] Proposed Rule 1213(e) provides: ''Stock splits, reverse splits, fractional splits, stock dividends, and similar stock distributions. The Exchange shall adjust open position quantity by the applicable ratio and adjust the relevant reference price inversely, so that aggregate economic exposure is preserved as nearly as practicable. Such adjustments are intended solely to preserve the holder's existing economic exposure, as nearly as practicable, and constitute a continuation of the holder's existing position rather than the establishment of a new position, liquidation of an existing position, or replacement of a Contract. Any resulting fractional Contract shall be handled in the manner specified in the applicable Product Appendix or Corporate Action Circular.'' As noted, the Exchange will adopt under a separate rule filing pursuant to Section 19(b)(2) of the Act and Rule 19b–4 thereunder proposed rules that address handling of margin.

[9] Proposed Rule 1213(f) provides: ''Settlement-price restatement. Where appropriate to avoid a mechanical variation-margin gain or loss caused solely by an adjustment under paragraph (e), the Exchange may restate the prior Daily Settlement Price.'' As noted, the Exchange will adopt under a separate rule filing pursuant to Section 19(b)(2) of the Act and Rule 19b–4 thereunder proposed rules addressing margin.

Rule 1214. Wind-Down, Termination, and Delisting

Rule 1214 governs wind-down, termination, and delisting. Rule 1214 provides that, where an Underlying Security ceases to satisfy the listing standards in Rule 1203, becomes subject to a Corporate Action inconsistent with continued listing, is delisted from its Primary Listing Exchange, or otherwise becomes unsuitable for continued trading as a Contract, the Exchange may provide for an orderly wind-down, termination, delisting, cash settlement, or forced position closure.

The rule states that, except where shorter notice is necessary to protect investors or maintain fair and orderly markets, the Exchange shall provide no less than 10 Business Days' notice before a planned wind-down, termination, or delisting. Where the Exchange delists or terminates a Contract, the last trading day shall be the trading day on which trading in the Contract ceases, and the Daily Settlement Price for that trading day shall be used to close out or cash settle open positions, unless the Exchange determines that an alternative procedure is necessary. Rule 1214 further specifies that this rule governs planned or orderly wind-downs, in contrast to Rule 1213(l), which governs unanticipated delistings or suspensions of the Underlying Security that make an orderly wind-down impracticable. The rule further provides that the Exchange shall publish a notice describing any wind-down, termination, or delisting under this rule.

Rule 1216. U.S. Withholding Tax and Participant Eligibility

Rule 1216 provides that the Exchange may establish participant or Clearing Member eligibility requirements, certifications, representations, or undertakings relating to U.S. withholding tax, dividend-equivalent withholding, FATCA, qualified intermediary status, qualified derivatives dealer status, or related matters applicable to Contracts.

Rule 1217. Prohibition on Trading by Certain Persons

Rule 1217 states that no person may trade in a Contract if prohibited from doing so by applicable law, including any person who is a director or officer, subject to Section 16 of the Act, of an issuer of an Underlying Security, to the extent prohibited by law, or who is in possession of material non-public information regarding such issuer and is prohibited by law from trading.

Rule 1218. Reporting and Publication

Pursuant to Rule 1218, the Exchange shall comply with applicable CFTC and SEC reporting requirements relating to Contracts, including Parts 16 and 17 of the CFTC's regulations and any successor provisions. The Exchange shall publish for each Contract such market information as may be required by law or by the Exchange's applicable filings, including Daily Settlement Price, trading volume, open interest, and such funding and reference-price information as the Exchange specifies in the applicable Product Appendix or identified Market Reference Materials. The rule provides that the Exchange shall maintain and submit such files, reports, and records as are required by applicable law and by the Exchange's regulatory obligations for Contracts.

Rule 1219. Block Trades and Basis Trades

Rule 1219 provides that block trades in Contracts are permitted, subject to such minimum quantity thresholds, participant eligibility requirements, reporting times, price-reasonability requirements, and other conditions as the Exchange may establish in the applicable Product Appendix or by notice. The rule reserves the treatment of basis trades.

Rule 1220. Error Trades and Price Adjustments

Rule 1220 states that Contracts are subject to the CDE Rulebook governing error trades, trade cancellations, price adjustments, and clearly erroneous executions, except as otherwise provided in Chapter 12.

Rule 1221. Clearing

Rule 1221 provides that all Contracts shall be cleared by the Clearing House, and that the Exchange shall maintain such linked and coordinated clearing arrangements, risk-management procedures, communication protocols, and operational processes with the Clearing House as are required by law and by the Exchange's applicable filings. The rule further provides that nothing in Chapter 12 would limit the authority of the Clearing House under its own rules with respect to margin collection, settlement processing, default management, or other clearing functions, except as otherwise required by law.[10]

Rule 1222. Approved Securities

Rule 1222 provides that the Underlying Securities approved as the subject of Contracts shall be those identified in the applicable Product Appendices or in a list published by the Exchange, as amended from time to time in accordance with Rule 1223 and applicable law.

Rule 1223. Amendments, Additions, Suspensions, and Delistings

Rule 1223 provides that the Exchange may list, add, amend, suspend, terminate, or delist Contracts and Product Appendices in accordance with the Act, the CEA, applicable SEC and CFTC rules and regulations, and the CDE Rulebook. The rule permits, without limitation, amendments pursuant to Section 19(b)(7) or Section 19(b)(2) of the Act, CFTC Regulation 41.24, or other applicable provisions, as required by law; and specifies that the Exchange may suspend, terminate, or delist a Contract in accordance with Rule 1213 or Rule 1214, or where necessary to maintain a fair and orderly market.

Rule 1224. Participant Disclosures

Rule 1224 provides that the Exchange shall publish disclosures covering, as applicable, (a) the cash-settled nature of the Contracts; (b) the fact that holders do not obtain ownership of the Underlying Security; (c) the funding mechanism; (d) extended-hours liquidity and pricing risks; (e) the treatment of Corporate Actions; (f) the possibility of termination, delisting, or cash settlement upon specified events; and (g) such other matters as the Exchange determines appropriate or as may be required by law.

Rule 1225. Data Publication

Rule 1225 provides that, for 18 months from the initial listing of the first Contract, or for such other period as may be required by applicable filings or exemptive relief, the Exchange shall make publicly available in machine-readable form such data relating to Contracts as may be required by law or by the Exchange's applicable filings, which may include (a) Daily Settlement Prices; (b) Index Prices, Mark Prices, Funding Rates, and related basis information; (c) daily or periodic aggregate long and short positions by participant or account type; (d) trading volume and open interest; and (e) such

[10] Proposed Rule 1221(c) provides that "Nothing in this Chapter limits the authority of the Clearing House under its own rules with respect to margin collection, settlement processing, default management, or other clearing functions, except as otherwise required by law." As noted, the Exchange will adopt under a separate rule filing pursuant to Section 19(b)(2) of the Act and Rule 19b–4 thereunder proposed rules addressing margin.

other data as may be required by law, filing, order, or Exchange rule.[11]

The text of Chapter 12 and the rules thereunder are set forth in Exhibit 4.

2. Statutory Basis

Section 6(h)(3) of the Act[12] contains listing standards and conditions for trading SFPs. The Exchange believes that the proposed amendments to Chapter 12 are consistent with Section 6(h)(3), and that they are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and in general to protect investors and the public interest.

CDE has established and shall monitor and enforce compliance with the listing standards for the Contracts. The proposed listing standards require a liquid underlying market for any Contracts the Exchange will list for trading, and therefore the proposed contracts are not readily susceptible to manipulation. Specifically, Rule 1203(a) requires that the Underlying Security must exceed 20 million shares in estimated deliverable supply (Rule 1203(a)(5)), have a minimum market capitalization of at least $100 billion (Rule 1203(a)(6)), and have had a minimum ADVT of at least $450 million over the prior six months (or, if listed and trading for less than six months, at least $1 billion over the prior month) (Rule 1203(a)(7)). CDE initially intends to list Contracts on the most highly liquid securities as measured by ADVT. Pursuant to Rule 1203(b), CDE will not list additional Contracts on an Underlying Security, and may prohibit opening purchase transactions in an existing Contract, to the extent it deems such action necessary or appropriate, if the Underlying Security does not meet the maintenance listing standard requirements established under the rule. Under the maintenance standards, the Underlying Security must have a market capitalization of at least $50 billion and minimum ADVT of at least $200 million over the prior calendar quarter (or, if listed for less than a quarter, at least $1 billion over the prior period traded during the calendar quarter). As such, the proposed listing standards assure a robust market for the Underlying Security to protect against manipulation.

Trading in the Contracts will be subject to the CDE Rulebook, which includes prohibitions on manipulation (Rule 508). CDE Rulebook Chapters 4 and 5 contain multiple prohibitions precluding anyone subject to the rules of the Exchange from disadvantaging their customers. As with any product listed for trading on CDE, these rules will apply to transactions in the Contracts, and trading activity in the Contracts will be subject to monitoring and surveillance by CDE's Market Regulation Department. Chapter 7 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate any applicable Rules of the Exchange. Trading in the Contracts will be subject to Chapter 7, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in these contracts are identified. Market participants may use the arbitration provisions set forth in Chapter 8 of the CDE Rulebook to settle disputes with respect to trading of the Contracts.

Pursuant to Rule 1208(c), CDE will establish position limits and accountability levels for any Contracts it lists pursuant to the Proposed Rules as required by and consistent with CFTC Regulation § 41.25(b)(3). As applicable, CDE will also follow the guidance in Appendix A to Subpart C of Part 41—Guidance on and Acceptable Practices for Position Limits and Position Accountability for Security Futures Products. Transactions in the Contracts will be cleared by the Clearing House, a derivatives clearing organization registered with the CFTC, and will be subject to all CFTC regulations related to clearing of futures. The Contracts will be listed for trading on the CDE's own electronic trading platform, which provides for competitive and open execution of transactions. The Exchange will publish daily information regarding trading volume, open interest and price information for the Contracts. The CDE Rulebook will be amended as of the effective date to reflect the Proposed Rules and made publicly available on the CDE website.

Below is a summary how CDE would comply with each requirement or condition under Section 6(h)(3) of the Act, as applicable.

Section 6(h)(3)(A) of the Act[13] requires that any security underlying a SFP be registered pursuant to Section 12 of the Act.[14] This requirement is addressed by Rules 1203(a)(1) and (a)(2), which provide that the Exchange shall list a Contract only if the Underlying Security is a common stock or ETF Share registered under Section 12 of the Act, and its issuer is in compliance with any applicable requirements of the Act.

Section 6(h)(3)(B) of the Act[15] is applicable only to physically delivered security futures products. This requirement is therefore inapplicable to the Contracts.

Section 6(h)(3)(C) of the Act[16] provides that listing standards for SFPs must be no less restrictive than comparable listing standards for options traded on a national securities exchange or national securities association registered pursuant to Section 15A(a) of the Act.[17] CDE believes that the proposed listing standards for the Contracts set forth in Rule 1203 are no less restrictive than comparable listing standards for exchange-traded options.

Section 6(h)(3)(D) of the Act[18] requires that each SFP be based on common stock or such other equity securities as the Commission and CFTC jointly determine are appropriate. This requirement is addressed by Rules 1203(a)(1) and (a)(2), which provide that the Exchange shall list a Contract only if the Underlying Security is a common stock or ETF Share registered under Section 12 of the Act, and its issuer is in compliance with any applicable requirements of the Act.

Section 6(h)(3)(E) of the Act[19] imposes requirements with respect to linkages and coordinated clearing with other clearing agencies that clear SFPs, which permits the SFP to be purchased on one market and offset on another market that trades such product. This provision is inapplicable. The SEC and CFTC have not adopted rules implementing this part of the statute, and only the Clearing House will clear the Contracts that CDE proposes to list. As such, there are no linked or coordinated clearing arrangements relating to the Contracts. Additionally, Section 6(h)(7) of the Act states that a national securities exchange may trade a securities futures product that does not conform with any listing standard promulgated to meet the requirement of Section 6(h)(3)(E) until a compliance date which must be announced jointly by the Commission and the CFTC.[20]

[11] In addition, the Exchange represents that it will work with the SEC to provide data as appropriate for the SEC to evaluate security futures products.

[12] 15 U.S.C. 78f(h)(3).

[13] 15 U.S.C. 78f(h)(3)(A).

[14] 15 U.S.C. 78*l*.

[15] 15 U.S.C. 78f(h)(3)(B).

[16] 15 U.S.C. 78f(h)(3)(C). The listing standards are also consistent with the sample listing standards published in Staff Legal Bulletin No. 15, *see supra* n.5.

[17] 15 U.S.C. 78o–3(a).

[18] 15 U.S.C. 78f(h)(3)(D).

[19] 15 U.S.C. 78f(h)(3)(E).

[20] Compliance date is defined as the later of ''(i) 180 days after the end of the first full calendar month period in which the average aggregate comparable share volume for all security futures products based on single equity securities traded on all national securities exchanges, any national

Continued

Section 6(h)(3)(F) of the Act [21] requires that only a broker or dealer subject to suitability rules comparable to those of a national securities association registered pursuant to Section 15A(a) of the Act [22] effect transactions in an SFP. An intermediary acting on behalf of customers trading SFPs must be registered with the CFTC as a futures commission merchant (''FCM'') and registered or notice registered with the SEC as a broker-dealer. Any intermediary that is fully registered as a broker-dealer will be a member of the Financial Industry Regulatory Authority, Inc. (''FINRA''), and will thus be subject to FINRA's suitability rules. In addition, the intermediary, as a registered FCM, must also be a member of the National Futures Association (''NFA''), which is a registered futures association under the CEA and thus will also be subject to the suitability and sales practice rules of NFA, which are comparable to those of FINRA.[23]

Section 6(h)(3)(G) of the Act [24] requires that each SFP be subject to the prohibition against dual trading in Section 4j of CEA.[25] This provision is inapplicable to the Exchange. Trading of the Contracts will occur electronically, and the prohibition on dual trading in SFPs under Regulation § 41.27 [26] applies to a contract market operating an electronic trading system only if such market provides participants with a time or place advantage or the ability to override a predetermined matching algorithm, which features are not present on the Exchange.

Section 6(h)(3)(H) of the Act [27] provides that trading in a SFP must not be readily susceptible to manipulation of the price of such SFP, nor to causing or being used in the manipulation of the price of any Underlying Security, option on such security, or option on a group or index including such securities. CDE believes that its listing standards are designed to ensure that CDE SFPs and the underlying securities would not be readily susceptible to price manipulation. CDE's proposed Rule 1203(a) requires, among other things, that the Underlying Security must exceed 20 million shares in estimated deliverable supply (Rule 1203(a)(5)), have an outstanding market capitalization of at least $100 billion (Rule 1203(a)(6)), and have had a minimum ADVT of at least $450 million over the prior six months (or, if listed and trading for less than six months, at least $1 billion over the prior month) (Rule 1203(a)(7)). CDE initially intends to list Contracts on the most highly liquid securities as measured by ADVT. Pursuant to Rule 1203(b), CDE will not list additional Contracts on an Underlying Security, and may prohibit opening purchase transactions in an existing Contract, to the extent it deems such action necessary or appropriate, if the Underlying Security does not meet the maintenance listing standard requirements established under the rule. Under the maintenance standards, the Underlying Security must have a minimum market capitalization of at least $50 billion and minimum ADVT of at least $200 million over the prior calendar quarter (or, if listed for less than a quarter, at least $1 billion over the prior period traded during the calendar quarter). As such, the proposed listing standards assure a robust market for the Underlying Security to protect against manipulation. These listing standards are also the basis for establishing position limits based on a percentage of the estimated deliverable supply in accordance with CFTC Regulation § 41.25(b)(3)(i), which will assure the position limits are appropriately calibrated to protect against manipulation.

In addition, Chapter 5 of the CDE Rulebook prohibits fraudulent acts (Rule 505); fictitious, wash, and non-competitive transactions (Rule 506); market disruption (Rule 507); market manipulation (Rule 508); and disruptive trading practices (Rule 509). Rules 519 through 528 govern the priority of customers' orders, handling of customer orders, disclosure of orders, simultaneous buy and sell orders for different beneficial owners, wash sales, prearranged, pre-negotiated, and noncompetitive trades, responsibility for customer orders, discretionary orders, and priority of execution, including the exposure requirement applicable to pre-execution communications. All trading is subject to monitoring and surveillance by the Market Regulation Department. The disciplinary process, from preliminary inquiry through investigation, notice of charges, hearing, and sanctions, is set out in Chapter 7 of the CDE Rulebook. Rule 719 spells out the disciplinary capabilities of the Exchange which include, but are not limited to, the ability to summarily suspend, revoke, limit, condition, restrict or qualify a participant's trading privileges and/or ability to otherwise access the Exchange's trading system.

Section 6(h)(3)(I) of the Act [28] requires that procedures be in place for coordinated surveillance among the market on which a SFP is traded, any market on which any security underlying the SFP is traded, and other markets on which any related security is traded to detect manipulation and insider trading. Rule 1203(c) provides that the Exchange shall maintain coordinated surveillance procedures with each Primary Listing Exchange and with other markets on which related securities or derivatives trade, sufficient to detect manipulation and insider trading, and shall maintain audit trails sufficient to support such surveillance. CDE and the markets on which the Underlying Securities are traded are members of the Intermarket Surveillance Group, which facilitates the sharing of information and the coordination of regulatory efforts among exchanges trading securities and other products to address potential intermarket manipulation and trading abuse. In addition, Rule 215 permits CDE to 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, with domestic or foreign self-regulatory organizations, associations, boards of trade, and their respective regulators. Accordingly, the Exchange has procedures in place for coordinated surveillance.

Section 6(h)(3)(J) of the Act [29] requires that the market on which the security futures product is traded has in place audit trails necessary or appropriate to facilitate the coordinated surveillance required in subparagraph (I), as discussed above. The Exchange's audit trail is maintained in accordance with Core Principle 10 in CEA Section 5(d)(10) [30] and CFTC Regulations § 38.550,[31] § 38.551 [32] and § 38.552.[33] The Exchange retains this highly granular audit trail for a minimum of 5 years, as required by CFTC Regulation § 1.31(b).[34] Rule 524(b) requires that the

securities associations registered pursuant to section 15A(a), and all other persons equals or exceeds 10% of the average aggregate comparable share volume of options on single equity securities traded on all national securities exchanges and any national securities associations registered pursuant to section 15A(a); or (ii) 2 years after the date on which trading in any security futures product commences under this title.'' *See* 15 U.S.C. 78f(h)(7)(C).

[21] 15 U.S.C. 78f(h)(3)(F).

[22] 15 U.S.C. 78o–3(a).

[23] *Id.*

[24] 15 U.S.C. 78f(h)(3)(G).

[25] 7 U.S.C. 6j.

[26] 17 CFR 41.27.

[27] 15 U.S.C. 78f(h)(3)(H).

[28] 15 U.S.C. 78f(h)(3)(I).

[29] 5 U.S.C. 78f(h)(3)(J).

[30] 7 U.S.C. 7(d)(10).

[31] 17 CFR 38.550.

[32] 17 CFR 38.551.

[33] 17 CFR 38.552.

[34] 17 CFR 1.31(b).

electronic audit trail associated with any system that accesses the Exchange contain a complete and accurate record of all activity through that connection, retained for five years, with timestamps at the highest level of precision achievable by the operating system and in no event less precise than one hundredth of a second, recorded in a form not modifiable by the person entering the order, and produced to the Exchange in the required format on request. CDE publishes required audit trail file specifications for its FIX and binary interfaces. Rule 401(c) requires the Market Regulation Department to conduct annual reviews of compliance with the Exchange's audit trail and recordkeeping requirements by all Participants responsible for or in control of the creation of audit trail records, including reviews of randomly selected samples of front-end audit trail data for order routing systems, review of the process by which user identifications are assigned and maintained, review of usage patterns associated with user identifications, and testing of account numbers and customer type indicator codes for accuracy and improper use. Audit trail and recordkeeping violations by participants are subject to the Exchange's disciplinary rules, including Rule 401(c), which permits the Market Regulation Department to impose summary sanctions against audit trail violations.

Section 6(h)(3)(K) of the Act [35] requires that a market on which a SFP is traded have in place procedures to coordinate trading halts between such market and any market on which any security underlying the SFP is traded and other markets on which any related security is traded. Proposed Rule 1207 provides, in accordance with CFTC Regulation § 41.25(b)(2)(i),[36] that ''[t]rading in a Contract shall be halted at all times during which a Regulatory Halt has been instituted for the Underlying Security.''

Section 6(h)(3)(L) of the Act [37] requires that the margin requirements for a SFP comply with the regulations prescribed pursuant to Section 7(c)(2)(B) of the Act.[38] CDE has proposed amendments to its margin rules generally imposing a minimum margin requirement of not less than 15% of the current market value of the security futures consistent with the requirements of CFTC Regulation § 41.45(b)(1) [39] and SEC Rule 242.403(b)(1).[40] [41] Thus, CDE believes that its customer margin rules are consistent with the requirements of the Act.

For the reasons described above, CDE believes that the listing standards submitted herewith satisfy the requirements set forth in Section 6(h)(3) of the Act. CDE also believes that its proposed rule changes are consistent with Section 6(b) of the Act,[42] in general, and further the objectives of Section 6(b)(5) of the Act,[43] in particular, in that they are designed to remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest, and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. In addition, the proposal is consistent with Section 6(b)(1) and Section 6(b)(8) of the Act.[44]

Specifically, CDE's existing rules are designed to ensure (i) the independence of CDE's regulatory functions, including surveillance, investigations, and disciplinary matters; (ii) that no affiliate receives unfair preferential treatment or competitive advantages; and (iii) the maintenance of information barriers to protect confidential regulatory and other non-public information.[45] The CDE compliance program is overseen by the Regulatory Oversight Committee (''ROC''), which consists entirely of independent Public Directors. It oversees the sufficiency, effectiveness, and independence of CDE's regulatory program, including surveillance, investigations, staffing, compensation, and the regulatory budget. The CDE Chief Regulatory Officer reports directly to the ROC. CDE's rules disqualify affiliate officers, Participant personnel, individuals with specified financial relationships, and their immediate family members from serving as Public Directors. ROC members are subject to heightened restrictions on compensation and consulting relationships. CDE's Market Regulation Department determines the scope of inquiries and investigations in its sole discretion and must function independently of CDE's commercial interests. Officials and directors are prohibited from interfering with disciplinary actions, and conflicted individuals must recuse themselves.

Rule 307 permits Coinbase Financial Markets, Inc. (''CFM''), a CFTC-registered FCM and an affiliate of the Exchange, to be a Participant, or customer of a Participant, for the purpose of trading Exchange products, provided that (1) CFM shall neither receive preferential pricing from the Exchange nor shall it have an inherent advantage over any other Participant with respect to the Exchange's trading system or procedures, (2) CFM shall not have access to the Exchange's material nonpublic information, and the Exchange shall ensure CFM's access to information is limited to public information available to all Participants, and (3) CFM shall be subject to the same access criteria and must abide by the same Rules as all other Participants. Rule 307 is a filed, enforceable Exchange Rule, and subject to Chapter 7 sanctions including censure, fine, disgorgement, suspension, and termination. Information barriers run in both directions, are enforced operationally, and are surveilled by a team independent of both entities. Moreover, sensitive affiliate information is subject to strict access controls, communications between entities must occur at arm's length, and technological, physical, and organizational barriers restrict access to confidential information and surveillance systems. Compliance with these controls is reinforced through periodic conflicts attestations and trainings, external communications surveillance, and restrictions on trading. The rules also require a single published fee schedule with no affiliate category (Rules 305(a)–(b)) and fully inclusive, real-time data to all Participants on the same terms and latency (Rule 538). Moreover, CFM is subject to the same substantive prohibitions as any other Participant; the Rulebook contains no affiliate carve-out from any Chapter 3 through Chapter 9 obligation, and affiliates remain subject to CDE's oversight and disciplinary authority to the same extent as all other market participants. In addition, among other things, the rules impose a standing prohibition on use or disclosure of material non-public information by any director, officer, or committee member (Rule 213(g)), require all inspection and financial-condition data to be treated confidentially (Rule 405), and provide that no person shall take action based on non-public order information, however acquired (Rule 521). Rule 207(d) further provides that the Exchange Participant Committee ''shall

[35] 15 U.S.C. 78f(h)(3)(K).

[36] 17 CFR 41.25(b)(2).

[37] 15 U.S.C. 78f(h)(3)(L).

[38] 15 U.S.C. 78g(c)(2)(B).

[39] 17 CFR 41.45(b)(1).

[40] 17 CFR 242.403(b)(1).

[41] *See* Customer Margin Rules Relating to Security Futures, 85 FR 75112 (Nov. 24, 2020).

[42] 15 U.S.C. 78f(b).

[43] 15 U.S.C. 78f(b)(5).

[44] 15 U.S.C. 78f(b)(1), (b)(8).

[45] As part of its Form 1–N filing, CDE submitted a copy of its Rulebook to the Commission. *See supra* n.2.

not, and shall not permit the Exchange to, restrict access or impose burdens on access in a discriminatory manner, within each category or class of Participants or between similarly-situated categories or classes of Participants''; as such, the Rulebook assures that Exchange structure does not burden competition.

Finally, CFM is subject to regulatory oversight by the National Futures Association (''NFA''), an unaffiliated registered futures association that performs CFM's financial and capital surveillance as its designated self-regulatory organization. As a registered futures commission merchant, CFM is subject to significant independent oversight by NFA.

B. CDE's Statement on Burden on Competition

CDE does not believe that proposed Chapter 12 and the rule thereunder will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule changes will simply allow CDE to list certain security futures products, including perpetual futures on individual equity securities and exchange-traded fund shares. Nothing in the filing restricts or impedes another exchange from offering security futures products for trading subject to its compliance with applicable regulatory requirements under the Act, the CEA, and the respective rules of the Commission and the CFTC governing security futures products.

C. CDE's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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

The proposed rule change is not yet effective because the CFTC has not yet approved the proposed rule change. 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.[46]

[46] 15 U.S.C. 78s(b)(1).

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:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–CDE–2026–002 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–COIN–2026–002. This file number should be included on the subject line if email 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 filing 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–COIN–2026–002 and should be submitted on or before October 14, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[47]

Sherry R. Haywood,

Assistant Secretary.

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[47] 17 CFR 200.30–3(a)(73).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106414; File No. SR–CboeBZX–2026–076]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 11.15(a) To Clarify That a Non-Member May Act as a Clearing Firm

September 18, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on September 8, 2026, Cboe BZX Exchange, Inc. (the ''Exchange'' or ''BZX'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 11.15(a) (Clearance and Settlement; Anonymity) to clarify that a non-Member may act as a Clearing Firm.

The text of the proposed rule change is also available on the Exchange's website (*http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/*), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the Exchange 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. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.