



MAY 1, 2020

BY ELECTRONIC FILING

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**Re: Amendments to Eris Exchange Rule 906 Settlement Prices  
(Eris Exchange, LLC Submission #2020-04E)**

Dear Mr. Kirkpatrick:

Eris Exchange, LLC (“Eris Exchange” or the “Exchange”) hereby submits for self-certification to the Commodity Futures Trading Commission (the “CFTC” or the “Commission”), under Commission regulation 40.6(a), the following amendments to Eris Exchange Rulebook (the “Rulebook”). The proposed changes will become effective on or after May 19, 2020.

### **Explanation and Analysis**

The Exchange is amending Rule 906 Settlement Prices, to clarify the procedures to be used to determine the settlement price for Exchange contracts.

### **Description of Rule Changes**

Rule 906, as amended, provides that the settlement price for futures contracts will be based on the average of the volume weighted average price of the two five minute periods that make up the last ten minutes of trading on each trading day. In the event that there is no trading in the contract during the last ten minutes, the Exchange will base the settlement price on the last trade during the same period in the Exchange’s spot market, adjusting for the difference between the previous day spot closing price and the previous day futures closing price. If there is no trading in the spot market, or if the Exchange determines that the settlement price determined in accordance with this method does not represent the market value of the period, the Exchange may determine an alternative settlement price.

The Rule as amended is attached hereto as Exhibit A.



## **Core Principle Compliance**

Eris Exchange has concluded that its compliance with the DCM Core Principles is not adversely affected by these changes, and it will continue to comply with all DCM Core Principles. In particular, the Exchange has reviewed the Core Principles as set forth in the Commodity Exchange Act, as amended (the "Act") and determined that the rule changes may pertain to the following Core Principles:

### *Core Principle 3 Contracts not Readily Subject to Manipulation*

The Exchange's contracts are all fully-funded at the time of execution and the daily closing or settlement price for these contracts is relevant only for purposes of providing market participants with statements. As fully-funded contracts, there is no variation margin and any attempts to manipulate daily settlement prices will not provide a benefit to a market participant because the mark-to-market price movements will not result in any additional funds being available for trading or profit that can be withdrawn. The amendments provide for an accurate and timely settlement price based upon information the Exchange deems reliable.

## **Public Information**

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

## **Opposing Views**

This submission was provided to the Regulatory Oversight Committee, and there were no opposing views expressed that were not incorporated into the rule changes.

## **Certification**

Eris Exchange, LLC hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in the Commission regulation §40.6, that this submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

If you have any questions or require further information, please contact the undersigned at [michael.piracci@erisx.com](mailto:michael.piracci@erisx.com).

Sincerely,

/s/

Michael A. Piracci  
Senior Counsel  
Eris Exchange, LLC

## Exhibit A

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### **RULE 906. Settlement Prices**

(a) The Exchange, in conjunction with the Clearing House, will determine the Settlement Price for Contracts. For each Contract, the Exchange shall publish a daily settlement price and information regarding volume, open interest and opening and closing ranges. ~~Any settlement price shall be determined by the Exchange in accordance with its procedure or shall be the price determined by the Clearing House in accordance with the Clearing House Rules. Notwithstanding the foregoing, the Clearing House may modify Settlement Prices in its discretion in accordance with Clearing House Rules.~~

~~(b) Unless specified in the terms of a Contract, the settlement price for all Exchange Futures Contracts based on Digital Currency will be determined as follows:~~

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

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

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