



June 22, 2018

**BY ELECTRONIC SUBMISSION**

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 Exchange Rule 509 and Addition of Rule 315.  
(Eris Exchange, LLC Submission #2018-03)**

Dear Mr. Kirkpatrick:

Eris Exchange, LLC (“Eris Exchange” or the “Exchange”) hereby submits for self-certification to the Commodity Futures Trading Commission (the “Commission”), under Commission regulation 40.6(a), the following amendments to Eris Exchange Rulebook. The proposed changes will become effective on July 10, 2018.

**Explanation and Analysis**

At the request of Commission staff, Eris Exchange is adding reference to Commodity Exchange Act (“CEA”) Section 4c(a)(5) to Rule 509 of the Eris Exchange Rulebook. Additionally, Eris Exchange is adding a rule and corresponding definition to its Rulebook to address EU regulations on packaged retail and insurance-based investment products (PRIIPS). Eris Exchange has also updated its legal disclaimers.

**Description of Rule Changes**

Rule 509 has been modified with a citation to the CEA. Additionally, Rule 315 has been added to the Rulebook, and “EEA Retail Investors” has been added as a defined term.

In addition to these changes, the legal notice has been updated to include a notification of the patent number covering certain elements of contract design and pricing construct, and the Exchange logo has been updated on certain pages of the Rulebook.

The Exchange has attached the text of the amended and new Rules, including all additions and deletions, hereto as Exhibit 1.



## **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.

## **Public Information**

A notice and copy of this submission has been concurrently posted on the Exchange's website at <http://erisfutures.com/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.

In the event that you have questions, please contact me at the information below.

Sincerely,

A handwritten signature in black ink, appearing to read "D K", written in a cursive style.

David Karrow  
Chief Regulatory Officer, and  
Senior Counsel  
[David.karrow@erisfutures.com](mailto:David.karrow@erisfutures.com)  
O (312) 626-2692

December 22, 2014	Rule 1101 was amended to reflect the extension of Regular Trading Hours.
June 8, 2015	Rule 1101 was amended to change the Eris PAI calculation time.
June 12, 2015	Rule 601 and 1101 were amended to change OTH block trade sizes.
October 01, 2015	Rule 601 and 1101 were amended to change RTH block trade sizes.
January 11, 2016	Rule 1101 was amended to reflect conforming changes to the current contract specifications.
January 11, 2016	Rule 1101 was amended add contract specifications for the 3Y, 4Y, 12Y, 15Y, and 20Y Eris Primary Standard Swap Futures; 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 12Y, 15Y, 20Y, and 30Y Eris Standard Ultra Forward Swap Futures; and 2T, 5T, 10T and U10T, and LBT and ULBT Eris Standard Invoice Swap Futures.
September 29, 2016	Rule 532 and 533 were amended to implement Ownership and Control Reporting requirements.
January 17, 2017	Product Specifications were amended to allow for lower tick sizes for Block Trades and EDRPs above 2,000 Contracts; and correction of typographical error in Rule 906 and Product Specifications.
<u>June 22, 2018</u>	<u>Rule 509 was amended to include references to CEA Section 4c(a)(5); Rule 315 and corresponding definitions were added.</u>

contract, or otherwise. The terms “controlling” or “controlled” shall have meanings correlative to the foregoing.

“Customer” means a person who is, but is not limited to, a customer of a Clearing Firm, Participant Firm, or Broker Firm.

“Customer Account” means an account carried by a Clearing Firm on behalf of a Participant or Customer.

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

“Derivatives Clearing Organization” has the meaning attributed to such term by section 1a(9) of the CEA.

“Director” means any member of the Board.

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

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

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

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

- (i) any circumstance that may materially affect the performance of a Contract, including failure of the Clearing system;
- (ii) any action taken by any United States or foreign regulatory, self-regulatory, judicial, arbitral, or governmental (whether national, state or municipal) or quasi-governmental authority, or any agency, department, instrumentality, or sub-division thereof; or other Person exercising, or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or any other Contract Market, clearing house, board of trade, or other exchange or trade association (foreign or domestic) that may have a direct impact on trading on the Exchange or the settlement legality or enforceability of any Contract;

any Exchange Proceeding under Chapter 7 as if the withdrawn Participant were still a Participant.

## **RULE 314. Consent to Exchange Jurisdiction**

Any Person initiating or executing a transaction on or subject to the Rules of the Exchange directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of the Exchange and agrees to be bound by and comply with the Rules of the Exchange in relation to such transactions, including, but not limited to, rules requiring cooperation and participation in investigatory and disciplinary processes.

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

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

## **CHAPTER 4: OBLIGATIONS OF PARTICIPANTS**

### **RULE 401. Duties and Responsibilities of Participants**

- (a) Each Participant (i.e., Participant Firm and Clearing Firm) shall (and shall cause all of its Authorized Traders, Authorized Brokers, and Supervised Persons):
- (1) use the Eris Trading System in a responsible manner and not for any improper purpose;
  - (2) use the Eris Trading System only to conduct Exchange Activity;
  - (3) conduct all Exchange Activity in a manner consistent with the Eris Exchange Rules and Obligations;
  - (4) comply with all Eris Exchange Rules and Obligations and act in a manner consistent with each Rule of the Exchange and Obligation;
  - (5) comply with all Clearing House Rules, to the extent applicable to it, and act in a manner consistent with the Clearing House Rules, to the extent applicable;



No Participant (or any of its Authorized Traders, Authorized Brokers, or Supervised Persons) shall create fictitious transactions, wash transactions, or non-competitive transactions except, in the case of noncompetitive transactions, as otherwise authorized by the Eris Exchange Rules, or execute any such Order with knowledge of its nature as a fictitious transaction, wash transaction, or non-competitive transaction.

#### **RULE 507. Market Disruption Prohibited**

Orders entered into the Eris Trading System for the purpose of upsetting the equilibrium of the market in any Contract or creating a condition in which prices do not or will not reflect fair market values are prohibited, and any Participant (or any of its Authorized Traders, Authorized Brokers, or Supervised Persons) who makes or assists in entering any such Order with knowledge of the purpose thereof or who, with such knowledge, in any way assists in carrying out any plan or scheme for the entering of any such Order, will be deemed to have engaged in an act detrimental to the Exchange.

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

No Participant (or any of its Authorized Traders, Authorized Brokers, or Supervised Persons) shall attempt to manipulate or manipulate the market in any Contract.

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

No Participant (or any of its Authorized Traders, Authorized Brokers, or Supervised Persons) shall engage in any trading, practice, or conduct that constitutes a “disruptive practice,” as such term is defined by the CEA or CFTC Regulations, [including Section 4c\(a\)\(5\) of the CEA](#).

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

No Participant (or any of its Authorized Traders, Authorized Brokers, or Supervised Persons) shall make any knowing misstatement of a material fact to the Exchange, any Exchange Official, or any Board committee or Exchange panel.

#### **RULE 511. Acts Detrimental to Welfare of Exchange Prohibited**

No Participant (or any of its Authorized Traders, Authorized Brokers, or Supervised Persons) shall engage in any act that is detrimental to the Exchange.

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

No Participant (or any of its Authorized Traders, Authorized Brokers, or Supervised Persons) shall engage in conduct that is a violation of the Act or CFTC Regulations.



Eris Exchange, LLC – Legal Notice [01/17/176/22/2018](#)

Certain elements of the contract design and pricing construct are covered by U.S. Patent No. 9,747,641. Other patents-pending. ~~Certain elements of the contract design and pricing construct are patent-pending.~~

*Futures trading is not suitable for all investors, and involves the risk of loss. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to any one trade because they cannot expect to profit on every trade. All references to options refer to options on futures.*

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*2Y Treasury Note Futures, 5Y Treasury Note Futures, 10Y Treasury Note Futures, Ultra 10Y US Treasury Note Futures, US Treasury Bond Futures, and the Ultra US Treasury Bond Futures Contracts are listed on the Chicago Board of Trade, a Designated Contract Market that is unaffiliated with Eris Exchange, LLC. CBOT® is a registered trademark of the Board of Trade of the City of Chicago, Inc.*

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