

CX Clearinghouse, L.P.
Market Participant Declaration
Submission #2024-02
June 7, 2024

1. Attached are the procedures and declaration for Public Directors of CX Clearinghouse, L.P., (“CXC”) in accordance with CFTC Regulation 39.26. They were adopted by the Board of Directors at its meeting on June 4, 2024.
2. The proposed effective date is ten business days after receipt by the Commission of this submission.
3. Attached, please find a certification that: (1) these procedures comply with the Commodity Exchange Act and the Commission’s regulations thereunder; and (2) concurrent with this submission, CXC posted on CXMarkets.com: (i) a notice of their pending certification with the Commission; and (ii) a copy of this submission.
4. A concise explanation and analysis of the operation, purpose, and effect of the amended rules changes appear below.
5. There were no opposing views expressed regarding this amendment.

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CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND EFFECT OF THE CERTIFIED POLICIES AND PROCEDURE AND THEIR COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE COMMISSION’S REGULATIONS THEREUNDER

All Public Directors of CX Clearinghouse will be requested to declare annually whether they are market participants. For purpose of this declaration, CX Clearinghouse considers a Public Director to be a market participant if he or she has experience in the swaps, futures, and options markets or binary event contract markets.

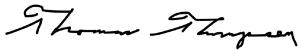
CX Clearinghouse believes broad derivatives experience is relevant for bringing insight and expertise to CX Clearinghouse. This approach recognizes the burdens and costs facing clearinghouses for innovative marketplaces.

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

I hereby certify that:

(1) the policies and procedures as attached comply with the Commodity Exchange Act and the Commission's regulations thereunder; and

(2) concurrent with this submission, CX Clearinghouse, L.P. posted on its website, CXMarkets.com, (a) a notice of pending certification of the above policies and procedures with the Commission; and (b) a copy of this submission.



By: Thomas Thompson
Title: Chief Compliance Officer
Date: June 7, 2024

CX Clearinghouse, L.P.

Market Participant Declaration

Document Produced in Accordance with Requirements of CFTC Regulation 39.26

Background

CFTC Regulation 39.26 states, “A derivatives clearing organization shall ensure that the composition of the governing board or board-level committee of the derivatives clearing organization includes market participants and individuals who are not executives, officers, or employees of the derivatives clearing organization or an affiliate thereof.”

In its consideration of January 27, 2020 amendments to this regulation the CFTC proposed to define market participant as “any clearing member of the [DCO] or customer of a clearing member, or an employee, officer, or director of such entity.” However, given comments received, the CFTC declined to adopt this definition.

The CFTC also noted that it is “sympathetic to [] concerns that the burden and cost of including market participants that are primarily retail and not exposed to the risk of lost margin or the default of the DCO's other customers may not be warranted for fully collateralized, non-intermediated DCOs.” The CFTC determined in 2020 “to give further consideration as to how to define ‘market participant’.”

All Public Directors of CX Clearinghouse are requested to declare annually whether they are market participants. For purpose of this declaration, CX Clearinghouse considers “market participant” in a broader sense than proposed, and not adopted, by the CFTC. CX Clearinghouse considers a “market participant” to be one with experience in the swaps, futures, and options markets or binary event contract markets. CX Clearinghouse believes this broader experience is relevant for bringing experience and expertise to CX Clearinghouse and, at the same time, balancing the burdens and costs the CFTC recognized in 2020.

CXC’s Definition of Market Participant

For purposes of complying with CFTC Regulation 39.26, a market participant is a person with experience in the swaps, futures, and options markets or binary event contract markets.

Procedure

Each year, prior to the first meeting of the Board of Directors, Public Directors will be emailed this document, asked to execute the declaration below and asked to return it to the Chief Compliance Officer.

Declaration

I, _____, hereby declare that I am/am not (circle one) a Market Participant, as defined in the background to this declaration, and that I am not an employee, officer, or director of the CX Clearinghouse ("CXC") or an affiliate thereof.

Signed,
