

CX Futures Exchange, L.P.
Rule 40.2 New Contract Submission—Atlantic Named Storm Swaps
Submission #2018-4
July 25, 2018

CX Futures Exchange, L.P. (“CX” or “Exchange”) hereby certifies its listing of the following new contract: Atlantic Named Storm Swaps. This submission is being made in accordance with Section 5c(c)(1) of the Commodity Exchange Act, as amended, 7 U.S.C. §1 et seq. (“Act”) and Commodity Futures Trading Commission (“Commission”) Rule 40.2 thereunder:

1. The text of the proposed contract terms and conditions is attached.
2. The proposed listing date of the contract will be within 45 days of the effective date of the terms and conditions of the contract, but no less than two days following receipt by the Commission of this submission.
3. Attached, please find a certification that: (1) the contract complies with the Commodity Exchange Act, and the Commission’s regulations thereunder; and (2) that CX posted on its website a notice of this pending product certification with the Commission and a copy of the submission, concurrent with the filing of this submission with the Commission.
4. A concise explanation and analysis of the product and its compliance with applicable provisions of the Act, including core principles, and the Commission's regulations thereunder, appears below.
5. Confidentiality for this submission is not requested.

**CONCISE EXPLANATION AND ANALYSIS OF THE PRODUCT AND ITS
COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT, INCLUDING
CORE PRINCIPLES AND THE COMMISSION’S REGULATIONS THEREUNDER**

Pursuant to Commission Rule 40.2(a)(3)(v), the following is a concise explanation and analysis of the product and its compliance with the Act and Commission rules.

I. Introduction

This is a swap contract relating to the location of landfall (or lack thereof) of named tropical cyclones in the eastern half of the continental U.S. A tropical cyclone is a rotating, organized system of clouds and thunderstorms that originates over tropical or subtropical waters and has a closed low-level circulation. Tropical cyclones are classified by the more commonly used terms of tropical depression, tropical storm, hurricane and major hurricane, and anytime such a tropical cyclone achieves sustained winds of at least 39 miles per hour then the National Hurricane Center will assign a name to that storm according to a pre-published list of names maintained by the World Meteorological Organization.

The Contracts are not the first option contracts on named storms to be offered by the Exchange. The Atlantic Named Storm Swaps contracts (“ANS” or “Contract”) are similar in concept to the currently listed Atlantic Named Storm Landfall Binary Option Contracts (“ANSL”) and, as discussed in greater detail below, can be used for similar risk mitigation or hedging purposes.

The Contract differs from the currently-listed ANSL contract. Rather than being a contract on the next storm to make landfall, each ANS contract is based on a specific named storm rather than the sequence of storms that make a landfall within the Continental United States (“CONUS”). Accordingly, “Strike Code 00000” has been added to the Contract to account for those instances when a named storm fails to make landfall within the CONUS before dissipating or where there is a landfall but there are no open positions in Strike Codes in the affected area.

These changes are designed to expand the usefulness of the contract. Specifically, tracking storms by their names rather than by the sequence of CONUS landfalls enables market participants to more accurately utilize forecast data when pricing the risk that corresponds to a named storm and avoids the dilemma facing market participants when multiple named storms are present in the Atlantic basin. Furthermore, since the ratio of storms that make CONUS landfalls to the total number of storms varies from year-to-year, providing a Strike Code for “no CONUS landfall” gives market participants a means to take positions on the relative frequency of storms that will have a detrimental impact on CONUS locations.

The new Contracts operate similar to the current storm swaps listed for trading on the Exchange. Each particular option provides for a number of designated landfall zones, identified by U.S. ZIP Codes, and termed a “Strike Code.” For the ANS, one Strike Code is 00000, indicating that no CONUS landfall is made, or no position are open in impacted areas of a landfall. Like all swaps, it is characterized by payment to the holder of the in-the-money options and no payment to the out-of-the-money option holders. In this case, the in-the-money holder of the option is paid based upon a Contract that corresponds to landfall that is either in an “Impacted ZIP Code Area” (as defined) or not. Unlike some other contracts, there are no premiums or discounts relative to various locations; each location is a separate strike opportunity for each named storm.

Like all other CX contracts, trading of the contract is on a principles-only basis, and all participants are self-clearing. The risk position of all participants is fully margined in accordance with the CX Clearinghouse, L.P. (the “Clearinghouse”) Order of Registration and its rules. This is true for all positions entered regardless of trading session.

The trading mechanics of the Contract differ from the ANSL. Beginning with contracts listed in January 1, 2019, the Contract will offer trading during two discrete periods. The first of these two trading periods is the “Primary Trading Period.” The Primary Trading Period provides participants an opportunity to obtain long positions from CX in the ANS contracts by placing bids at \$1.00 along with Original Margin on deposit equal to a maximum at-risk amount. This session is limited to entering bids for “long” positions. During the subsequent trading session, called the Secondary Trading Period, participants may trade either long or short contracts. No Secondary Trading Period will be offered for trading of contracts listed during the remainder of 2018. Because of the innovative nature of the trading framework, CX would like to introduce

trading in a phased manner. Doing so will enable market participants an opportunity to become accustomed to trading during the Primary Trading Period before trading in the Secondary Trading Period is introduced.

Dividing trading into different trading sessions is a common market practice.¹ In this instance, the Primary Trading Period is designed to allow market participants to participate in the market at a known cost and, simultaneously, creating a pool of liquidity that will facilitate trading of the contract.

When introduced, the Secondary Trading Period will assist the price discovery process and further hedging efficacy. The trading mechanics are discussed in greater detail below.

CX expects that the change in the terms and conditions of the Contract, including the new trading mechanics, will result in the new Contracts being more liquid and widely accepted.

With that as background, in accordance with the requirements of Commission Rule 40.2, CX notes that:

II. Core Principle 3

Core Principle 3 and Rule 38.200 provides that a DCM shall not list for trading contracts that are readily susceptible to manipulation. The ANS Contract is a cash settled contract based upon the objective determination of whether, and where, a tropical cyclone makes landfall.

Although each Strike Code is analogous to a specific “delivery point,” (including no CONUS landfall) deliverable supplies are not a relevant consideration for this contract. Nor does the contract depend upon an index of pricing information to determine Final Settlement Price of the swap. Rather, the contract relies upon public advisories published by the National Hurricane Center, a division of the National Weather Service, a government agency. The nature of these advisories is objective. The term of each contract is until a named storm makes landfall or will no longer be tracked as a named storm by the National Hurricane Center or contract expiration which will generally be November 30 of the calendar year in which it is listed, whichever is sooner.

The National Weather Service is an agency of the U.S. government and the advisories that the National Hurricane Center publish are public, based on objective information. No individual is able to manipulate or distort this information. Nor is any individual able to affect prices on the Exchange by manipulating these reports. Thus, the cash settlement determination is based upon publicly available, timely information that is reliable and widely accepted as an authoritative source for this information. Cash settlement will occur upon a Qualifying Terminating Condition (“QTC”), which is either: 1) CONUS landfall of a named storm, or 2) the National Hurricane Center ceases to track a named storm. All QTCs will be documented and published on the Exchange website.

¹ For example, many electronic trading systems operate using pre-opening, regular trading, and post-trading sessions.

As with the existing contracts, the Exchange has retained authority to use other sources of information for determining landfall in its discretion if the best interest of the market so requires. This authority would only be used in the unforeseen event that National Hurricane Center advisories were unavailable. Such a secondary source would also be objective and verifiable. The Exchange would document any such decision.

The minimum price fluctuation is one cent. During the Secondary Trading Period, price bands apply so that options may only be traded at values from one cent (\$0.01) to the known and market derived price cap discovered during the Primary Trading Period.

The Contract does not have specified delivery months. Rather, sequential contracts will be listed denoting the storms that may form in the Atlantic basin. These are listed with reference to the sequential letters of the alphabet. After January 1, 2019, when each is provided a name by the National Weather Service, trading will switch from the Primary to the Secondary Trading Period. Before January 2, 2019, trading will not switch from Primary to Secondary trading. Each Contract will continue to be listed until expiry, which occurs with a QTC (or November 30).

CONUS landfalls are those which occur within 75 statute miles of a continental U.S. ZIP Code's geographic center.

The Exchange has provided for a position accountability level of 10,000 contracts net long or short.

A. Risk mitigation purpose of the contract

Staff has previously asked CX to discuss the risk mitigation purpose of the ANSL contract. The ANS contract fulfills similar risk mitigation purposes but expands the number of market participants that may find the contract useful. The risk mitigation purpose of the Contract is discussed below, in relation to the specific terms and conditions of the Contract. The terms of the Contract, which are designed to make it useful for risk mitigation purposes are equally effective in making the Contract not readily susceptible to manipulation.

The Contract was designed to maximize its use by commercial interests to mitigate economic risk arising from tropical storms. CX has approached designing the Contract terms and conditions with the assistance of informed experts in the field and looked at the experiences of other weather-related contracts that have been listed, both on CX and other U.S. DCMs. The design of the terms and conditions is intended to optimize the mitigation of financial risks associated with damage arising from named tropical storm (hurricanes and tropical storms) while at the same time simplifying certain of the complexities of the currently listed contracts which may have discouraged their use. Thus, it is hoped that the Contract should offer the same hedging/risk mitigation opportunities, but with a more user-friendly design.²³

² In this regard, the Contract has been designed to meet the objectives of, and to be in compliance with, the Commission's Guideline 1, now found in Appendix C to Part 38 of the Commission's rules.

³ On November 24, 2008 the CME notified the CFTC of its intent to launch CME Carvill Hurricane Index Second Event Seasonal Maximum Binary Contracts effective January 12, 2009. Subsequently, on January 27, 2014 the CME notified the CFTC of its intent to delist these contracts. CX has reviewed this contract better to understand what design features might prove to be successful in creating a useful hedging instrument.

The analysis that follows highlights key design features of the Contract and their utility for hedging/risk mitigation by commercials including: 1) the decision to use a uniform 75 mile radius for contract final settlement; (2) the use of “Strike Codes” based on U.S. ZIP Codes rather than latitude and longitude points; (3) the contract’s proposed \$1 notional value; and 4) the utility of the “no CONUS landfall” Strike Code.

CX has studied past attempts by other DCMs to list hurricane-related contracts and concluded that they would have been more successful if the cash settlement mechanism was more direct, the contract was more localized, and if the contract size could have been more closely aligned with the amount of the commercial risk. CX believes that a contract design that can address these shortcomings will have greater utility for commercials for hedging or risk mitigation purposes.

1. Payout for losses

CX, like the CME previously, has concluded that a contract on named Atlantic storms has the potential to offer commercials a means of mitigating the risk of economic losses that may be associated with, or directly caused by a hurricane. The experience of the CME contract as well as CX’s contracts were considered in the design of the ANS contract.

The ANS contract will enable commercial users of the contract to manage the economic risk posed by named tropical storms to the U.S. that occur within the Atlantic basin including the Gulf of Mexico. This is the area of the U.S. most likely to experience the effects of tropical storms. Losses that can be hedged by landfall are losses to buildings, inventory, and income due to direct storm damage as well as disruption of the physical transportation and other infrastructure.

The failure to make landfall may also cause economic damage that could be mitigated using the Contract. By offering a Strike Code for storms that remain off the coast without making landfall, the ANS contract facilitates hedging by those who may experience beach or coastal erosion or flooding, a significant problem for coastal communities. For example, extremely high tides caused by a hurricane off the coast may cause serious flooding in low-lying tidal areas. The cost to repair such damaged coastal property or the losses to businesses due to disruption to transportation infrastructure is significant. In many cases, repair costs from coastal flooding are borne by individual landowners.

On average, the U.S. experiences approximately 11 or 12 named storms in a year. Historically, it is unusual to have more than three named storms in the Atlantic basin at any one time. Therefore, given the variability from year to year, CX considered various approaches to contract listing and determined that three ANS contracts would always be listed. As any listed contract expires due to a QTC, a new contract is added. Thus, after the initial listing, the listing cycle will be determined entirely by natural events, outside the discretion of CX.

The tenor for this set of serialized contracts is variable, depending upon natural events, that is the period between when it is listed and its QTC. Moreover, given that tropical storms may come in waves typically several days apart, it is likely that contract listings will not be evenly dispersed throughout the year, and during some parts of the year, several contracts may be listed within any

one calendar month. CX believes that this variable listing plan will be readily understood by participants and is the correct approach to when contracts should be listed.

All positions open at the time of a QTC will be automatically exercised through book entry with no action necessary on the part of the holder.

2. Delivery location

As discussed in greater detail below, determining the range of commercial users that would be affected by a storm was another consideration in contract design. A 75-mile radius ring was determined to be the best proxy for a commercially useful contract. In practice, this results in payouts along a 150-mile coastline and as deep as 75 miles inland from the point of landfall. Depending on the landfall point this could result in as many as 1,815 ZIP Codes being settled in-the-money when a storm makes a CONUS landfall. In consultation with AccuWeather, the Exchange determined that the average size of an economically impactful tropical event would correspond to the areas that experienced at least tropical storm force winds, that is, sustained at 39-mph or greater.

AccuWeather gathered data from 1850 onward and reviewed the 74-mph wind field, the 69-mph wind field, and the 39-mph wind field as well as the 12-foot seas generated by each storm from distances that were within 200 miles of the U.S. coastline. Tropical storm force winds (i.e. those that are sustained at 39-mph or greater) have a radius from the storm's center that averaged 68.38 miles in the southwest quadrant to 75.90 miles in the northeast quadrant, with the average distance being 72.07 miles. From this data, the Exchange concluded that a 75-mile radius was the most commercially useful measurement of storm radius for the Contract.

It is worth noting that each 75-mile radius contract encompasses an affected area of over 17,000 square miles; if roughly half of that area is over water, then the affected land area is still over 8,000 square miles.

For example, each of Hurricane Irene (2011) and Hurricane Sandy (2012) made landfall located at 39.4N 74.4W, Little Egg Harbor, NJ albeit neither storm was designated by NHC as a hurricane upon landing. These landfalls would have resulted in payments at 659 ZIP Codes encompassing a population of approximately 10 million people ranging geographically from the southern Delaware-Maryland border (ZIP Code 19944), to Wilmington, DE (ZIP Code 19801), to Philadelphia, PA, and its western suburbs (ZIP Code 19444), to New Brunswick, NJ (ZIP Code 08902).

Both Irene and Sandy had devastating impacts on the New York metropolitan area. Given the recent and severe nature of these storms and the fact that the Little Egg Harbor landfalls did not result in any New York City ZIP Code having a final settlement that was in-the-money, the Exchange looked closely at whether the 75-mile radius definition should be expanded. The Exchange decided to retain the 75-mile definition based on the 150-year historical analysis conducted by AccuWeather and not to give disproportionate weight to these events. Moreover, the Exchange concluded that any basis risk introduced by the 75-mile radius decision could be mitigated by commercial users given that the ANS contract provides for precise selection of their location of interest. Instead, the Exchange in consultation with AccuWeather will provide

extensive decision support tools to aid commercial users with their selection of Strike Codes to maximize the ANS contract's usefulness for their circumstances.⁴

Moreover, the Exchange considered several alternatives in defining the affected region of each storm. As mentioned above, given the ANS contract's 75-mile radius, approximately 8,000 square miles of land area is likely to be impacted by any storm making landfall. The Exchange's goal was to provide as precise a commercial risk management tool for those 8,000 square miles as technically feasible. Any definitions of the affected area other than Zip Code, for example, state boundaries, county boundaries, or broad geographic areas were too imprecise, arbitrary, or too coarse to achieve maximum usefulness by commercial users because storm areas seldom, if ever, coincide with geopolitical boundaries.

CX determined that U.S. postal ZIP Codes were defined and almost immediately recognizable location definitions for most commercial market users. Furthermore, ZIP Codes have easily understandable, albeit not unique, location names associated with each ZIP Code allowing for easy recognition by commercial market users. The decision to use ZIP Code (i.e. Strike Codes) followed the Exchange successfully mapping the 9,488 ZIP Code centroids that lie within 75 miles of 3,981 coastal latitude and longitude points. It's worth emphasizing that the average ZIP Code encompasses over 140 landfall points. Similarly, any given landfall point has an average of almost 350 ZIP Codes that are within the affected 75-mile radius area.

The Exchange believes this maximizes commercial use of the Contract because it provides for easily recognized and highly localized storm protection. The fine granularity of locations reduces basis risk both by more precisely capturing the affected area of each storm's landfall position and by permitting individual commercial interests to customize and balance lumpiness in the concentration of geographical risk that their corporate profile might inherently have.

3. Contract pricing

When designing the ANS contract, the Exchange considered the question "should the contract's payout vary with variables such as wind speed or distance from the storm's center?" As with the ANSL contract, the Exchange decided against this approach. In consultation with AccuWeather, the Exchange determined that most economic damage resulted from flooding rather than wind conditions and, further, that flooding was more a function of local land contouring than a storm's wind field and related strength. Thus, the Exchange determined that any payout scaling factor related to distance from storm center would not improve the contract's usefulness and might detract from it. However, the Exchange did add a provision for a "no CONUS landfall" condition to incorporate this eventuality.

There is no common contract size that is consistent with customary usage in the cash market as the tropical storm risks to be protected can vary widely by users of the Contract. In the case of the ANS contract, the value of each contract varies with its Strike Code as determined during the Primary Trading Period and reflects the market determined relative risk of a CONUS landfall (or, alternatively, nonesuch).

⁴ For example, if a large storm (i.e. > 75-mile radius) is approaching a coastal warehouse that is 90 miles from the anticipated storm center, the commercial user is able to re-center his risk from his warehouse location to a location that is well within the 75-mile landfall area.

After introduction of the Secondary Trading Period, market participants may use the Secondary Trading Period to adjust their positions to suit the economic considerations of their specific hedging needs. This will enable participants to fine-tune their hedges once a storm has been named.

With regard to price increments (tick size), the Exchange determined that the ANS contract should follow the ANSL's current \$0.01 tick size. Given the nascent nature of the ANS contract, the Exchange believes that commercial usefulness is more dependent on general liquidity conditions and less dependent on the contract's specified minimum price increment.

III. Core Principle 9—Execution of Transactions

After an introductory period during the remainder of 2018, and beginning with contracts listed on and after January 1, 2019, trading in the Contract will be conducted in two discrete trading periods. The first, known as the "Primary Trading Period", begins when the contract is listed as provided in the Contract specifications. This trading interval concludes at 4:00 P.M. of the first trading day following the naming of the storm at which time the contract will enter its "Secondary Trading Period". (Prior to January 1, 2019, the Primary Trading Period will be the only trading period throughout the life of a contract.) From initial contract listing through Final Settlement the contract is denoted by the first letter of the alphabet that corresponds to the World Meteorological Organization's sequential alphabetic naming convention.

During the Primary Trading Period, market participants may purchase swaps through the Exchange for the price of \$1.00 by placing Original Margin on deposit equal to the maximum at-risk amount, \$1.00 per contract. This amount is held as Original Margin by the Clearinghouse. Upon a QTC, in-the-money positions are matched against out-of-the-money positions and settlement occurs. Any such bids once accepted by the Exchange may not be canceled during the Primary Trading Period.

The settlement price of the positions opened during the Primary Trading Period will be a function of how many positions are aggregated for each Strike Code versus the total number of positions. By way of example, if 10 of 100 contracts are opened at ZIP Code 10041 and that ZIP Code lies within the Impacted ZIP Code Area (i.e. the corresponding named storm landed within 75 miles of that ZIP Code), then the Final Settlement Price will be different than if 90 of 100 contracts were opened at ZIP Code 10041. CX will calculate the theoretical minimum and maximum Final Settlement Price for each Strike Code when the Primary Trading Period concludes.

After January 1, 2019, the Secondary Trading Period begins when a storm has been named. During this market period, both bids and offers for purchase and sale are permitted in regular CLOB trading. Contract sales transacted during this period may offset an existing purchased contract entered during the Primary Trading Period, with the oldest long position being offset against the oldest short position. Thus, participants can adjust the positions entered during the Primary Trading Period, taking into account the initial indicator of the range of possible settlement prices, by trading in the Secondary Trading Period. The initial trade price of

positions in the Secondary Trading Period is set through the regular trading of bids and offers during this trading period.

For example, assume two traders transact one ANS contract at a price of \$1.90 for ZIP Code 33101, which has a maximum Final Settlement Price equal to \$3.00. In this case, the buyer's purchase price would be \$1.90, and that amount would be retained by the Clearinghouse as the buyer's Original Margin. If the seller had purchased one contract during the Primary Trading Period, he would realize a profit of \$0.90 and his \$1.00 in Original Margin would be returned. Alternatively, if the seller is selling a new contract position, then he will post \$1.10 in Original Margin (equal to the \$3.00 maximum Final Settlement Price less the \$1.90 trade price).

Core Principle 9 and CFTC Rule 38.500 provide that a designated contract market shall provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading in the centralized market. Although the mechanics of the two trading periods vary, both trading periods provide for trading on a centralized, open and competitive market. Both are competitive markets in that all prices are derived from trading on the Exchange and not through pre-arrangement or the private negotiation of two parties.⁵

The Commission has opined that a DCM's central market place must be a "trading facility."⁶ The definition of 'trading facility' under section 1a (51) of the Commodity Exchange Act is:

a person or group of persons that constitutes, maintains, provides a physical or electronic facility or system in which multiple participants have the ability to execute or trade agreements, contracts, or transactions—

- (i) by accepting bids or offers made by other participants that are open to multiple participants in the facility or system; or
- (ii) through the interaction of multiple bids or multiple offers within a system with a pre-determined non-discretionary matching and execution algorithm.

Both trading periods clearly fulfill the requirements of prong (ii) of the definition on its face. In this regard the transactions that occur during the Primary Trading Period are the result of the interaction of multiple bids that are matched (and settled) through the operation of a pre-determined, non-discretionary algorithm. As clear on its face, the definition makes possible that positions can be a result of the interaction of bids OR offers; it does not require that both bids and offers be a feature of a Trading Facility. In this regard, the Commission has recognized that

⁵ The Commission has always analyzed "competitive markets" as those in which the price is determined through the centralized market and not through private negotiations. The Commission has said, "Proposed §38.502 implemented the core principle's requirement that DCMs provide a market and mechanism for executing transactions that protects the price discovery process of trading in its centralized market. The rule proposed a centralized market trading requirement for all contracts listed on a DCM." "Core Principles and Other Requirements for Designated Contract Markets; Final Rule," 77 *Fed Reg.* 36612 (June 19, 2012)("DCM Rulemaking") at 36643. The price for these contracts, determined at the time of settlement, is determined through the central market and not as a result of any non-competitive trading activity.

⁶ *Id.* at 36622.

the definition of Trading Facility leaves DCMs with a degree of discretion in designing their trading mechanics, saying:

the Commission reiterates that the acceptable methods of trading on a DCM's central marketplace are specifically determined under the CEA, which requires at a minimum that DCMs must be "trading facilities," *though even in that context the Commission has accepted trading systems beyond pure price-and-time algorithms.*⁷

The trading mechanism used during the Primary Trading Period has the advantage of enabling traders to enter transactions during periods of lower liquidity without paying a liquidity premium and offers greater market efficiency during periods of lesser liquidity that clearly benefits market participants.

The CX Primary Trading Period provides a mechanism by which all similar (out-of-the-money or in-the-money) participants are able to transact at the same, single market-clearing price consistent with other market mechanisms that do not utilize a pure price-time-priority algorithm. The approach used by CX's Primary Trading Period creates immediate liquidity and simultaneously reduces potential execution costs and slippage for market participants. A single, market-clearing price has been used in other contexts in DCM trading, including one such method generally used to arrive at the opening price for contracts traded electronically. A single market-on-open price has been calculated and used to open electronic trading in the futures markets for many years.

Upon its introduction in January, 2019, participants will also be able to trade during the Secondary Trading Period using a traditional pure price-and-time algorithm to alter their position portfolio. Thus, the Primary Trading Period will be only one trading mechanism offered for trading these contracts. The electronic CLOB will also be the trading mechanism for the conduct of trading during the Secondary Trading Period, offering participants a traditional execution method as well. The algorithm used during the Secondary Trading Period will determine trade execution based on price-time-priority. The algorithm will match bids or offers through the interaction of the time of order entry and the price of the bid or offer.

IV. Core Principle 11—Financial Integrity of Transactions

Core Principle 11 and Rule 38.601 require that a contract be subject to mandatory clearing. The ANS Contracts are subject to mandatory clearing on the same terms as all other contracts cleared by the Clearinghouse.

⁷ Id.

V. All Remaining Requirements

All remaining Core Principles are satisfied through operation of CX and the Clearinghouse under the Rules, processes and policies applicable to the other contracts traded thereon. Nothing in this contract requires any change from current rules, policies, or operational processes.

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Based on the above analysis, CX certifies the Atlantic Named Storm Swaps Contract as consistent with, and in accordance with the Core Principles of Section 5 of the Commodity Exchange Act, and rules thereunder.

CERTIFICATIONS PURSUANT TO SECTION 5c OF THE
COMMODITY EXCHANGE ACT, 7 U.S.C. §7A-2 AND
COMMODITY FUTURES TRADING COMMISSION RULE
40.2, 17 C.F.R. §40.2

I hereby certify that:

(1) the Atlantic Named Storm Swaps Contract complies with the Commodity Exchange Act, and the Commodity Futures Trading Commission's regulations thereunder; and

(2) concurrent with this submission, CX Futures Exchange, L.P. posted on its website: a notice of this pending product certification with the Commission and a copy of this submission, concurrent with the filing of this submission with the Commission.



By: Nolan Glantz

Title: COO

Date: 7/25/2018