

FMX Futures Exchange, L.P.
Rule Amendment Submission #2023-03
February 10, 2023

1. The text of the amended FMX Futures Exchange L.P. (“Exchange”) Rule XI-103 2023 *Automated Liquidity Provider (ALP) Program* is attached. These rule amendments were approved by the Board of Directors at its meeting on February 7, 2023.
2. The proposed effective date is ten business days after receipt by the Commodity Futures Trading Commission (“Commission”) of this submission.
3. Attached, please find a certification that: (1) the amended rule complies with the Commodity Exchange Act and the Commission’s regulations thereunder; and (2) concurrent with this submission, the Exchange posted on its website: (i) a notice of pending certification of the rule submissions 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 rule 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 RULE AND ITS COMPLIANCE WITH APPLICABLE
PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE COMMISSION’S
REGULATIONS THEREUNDER

Pursuant to Commission Rule 40.6(a)(7)(vi), the following is a concise explanation and analysis of the operation, purpose, and effect of the amended rules.

The Exchange is updating the incentive program, the *2023 Automated Liquidity Provider (ALP) Program*, that supports trading in its Atlantic Named Storm Landfall contracts. The changes include an increase in the number of locations for which the program will purchase contracts to include landfall locations from both the 2021 and 2022 storm seasons which experienced ten and three landfalls, respectively. The previous year’s program design, if unchanged, would have led to purchasing contracts only for three locations, the only landfalls in 2022. This upcoming season, the Exchange will purchase fewer contracts at each location than last year, 300 instead of the previous 500. All other aspects of the program will stay the same for 2023, including the \$25,000 cap on Exchange funds allocated to it.

The program will be effective starting June 1, 2023.

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 amended Rule below complies with the Commodity Exchange Act and the
Commodity Futures Trading Commission's regulations thereunder; and

(2) concurrent with this submission, FMX Futures Exchange, L.P. posted on its
website, CXMarkets.com: (a) a notice of pending certification of the above Rule
with the Commission; and (b) a copy of this submission.



By: Thomas Thompson
Title: Chief Compliance Officer
Date: February 10, 2023

XI-103. 202~~32~~ Automated Liquidity Provider (ALP) Program

- a) This incentive program provides the initial liquidity for the Atlantic Named Storm Landfall Swaps contracts for the 202~~32~~ tropical storm season.
- b) No direct payments to Participants will be made under this program.
- c) The Exchange, using its own funds, will allocate an amount not to exceed \$25,000 for this program and such funds will be placed in a Participant Clearing Account for this purpose.
- d) Using funds allocated for this program, the exchange will purchase ~~3500~~ contracts at ~~10-13~~ different locations upon the listing of each named storm contract, provided that:
 - i. the named storm is listed on or after ~~July-June~~ 1, 202~~32~~;
 - ii. at the time of listing, the purchase price of contracts is \$1.00;
 - iii. the Participant Clearing Account has at least ~~\$5,000~~3,900 of available funds to cover such purchases.
- e) Contracts will be purchased at the zip codes closest to the ~~10-13~~ landfall locations of tropical storms during the 2021 and 2022 tropical storm seasons. The locations are attached here as Schedule A.
- f) Once purchased, contracts will be retained by the Exchange in a designated Participant Account for this program. Accordingly, all such contract purchases will be reported as volume and open interest in the normal course.
- g) Contracts purchased will be held until settlement at the original strike code locations. This Participant Account will not engage in strike code switching, as permitted by contract rules.
- h) Contracts will be settled in the normal course for each named storm. Any proceeds from settlements will be returned to the Exchange's Participant Clearing Account in the normal course and, therefore, may continue to be used for the program.
- i) At the end of the 202~~32~~ tropical storm season, the Exchange will close its account(s) and withdraw any remaining funds.
- j) This program shall be in effect for the 202~~32~~ tropical storm season and may be terminated at any time by the Exchange in its absolute discretion upon three (3) days' notice to Participants.

Initial effective date: ~~July-June~~ 1, 202~~32~~

Schedule A

2021 Landfall Locations

- 29.2N 91.0W
- 32.3N 80.5W
- 29.8N 83.5W
- 40.9N 72.3W
- 41.4N 71.7W
- 29.7N 89.4W
- 41.2N 71.6W
- 29.1N 90.2W
- 29.7N 85.1W
- 28.7N 95.7W

2022 Landfall Locations

- 26.7N 82.2W
- 33.3N 79.2W
- 27.6N 80.4W