

CX Clearinghouse, L.P.
Rule Amendment Submission #2023-01
May 9, 2023

1. The text of the changes to the CX Clearinghouse (“Clearinghouse”) Rules is attached. These changes were approved by the Board of Directors by email voting conducted from May 3 to May 9, 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) this rule complies with the Commodity Exchange Act and the Commission’s regulations thereunder; and (2) concurrent with this submission, the Clearinghouse 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 amendments to the Rules.

The Clearinghouse proposes removing the definition of guaranty fund as well as the requirements regarding its establishment, maintenance and use set forth in its Rules III-1 and VII-3. The appropriate deletions are shown in the attachment.

Currently, the Clearinghouse Rules require the maintenance of at least \$1,000,000 guarantee fund to be used for payments in the event of a Participant default and to protect the clearinghouse’s financial integrity.

In accordance with Clearinghouse Rule III-1 the guaranty fund contains no customer funds. The monies in the guaranty fund are, and have always been, solely Clearinghouse property.

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, CX Clearinghouse, 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: May 9, 2023

Attachment: Deletion of Guaranty Fund from CXC Rules

Deletion of Guaranty Fund from CX Clearinghouse, L.P. Rules

~~“**Guaranty Fund**” means the fund established by the Clearinghouse in accordance with Rule III-1 to support its financial integrity.~~

~~III-1 Guaranty Fund~~

~~(a) — The Clearinghouse shall establish and maintain at all times, in accordance with any regulatory requirements and conditions from time to time imposed by the CFTC, a Guaranty Fund in an aggregate principal amount equal to the greater of (x) \$1,000,000 or (y) 1% of the aggregate Original Margin required to be provided by Participants.~~

~~(b) — Subject to any regulatory requirements and conditions from time to time imposed by the CFTC, the Guaranty Fund shall consist of such combination of cash in U.S. dollars, interests in money market mutual funds, securities that are direct obligations of the U.S. Government, insurance policies or other instruments or assets as the Clearinghouse may from time to time decide.~~

~~(c) — All Guaranty Fund deposits constituting cash or securities shall be held at one or more banks from time to time approved by the Clearinghouse for such purpose, in one or more accounts separate from all other cash and securities owned or controlled by the Clearinghouse.~~

~~(d) — The Clearinghouse will have full and immediate access to the Guaranty Fund at any time, in accordance with these Rules. The Guaranty Fund may be applied by the Clearinghouse in accordance with these Rules, on such terms and conditions, as the Board may deem necessary or appropriate.~~

VII-3 Payments Upon an Event of Default

Upon the occurrence of any Event of Default:

(a) any and all amounts previously paid by the Defaulting Participant pursuant to applicable Contract Rules (including any and all amounts of Original Margin, Variation Margin and any other margin obligations upon delivery or settlement of the Contract, as specified in the relevant Contract Rules, previously paid by the Defaulting Participant) and any other assets of such Defaulting Participant under the control of the Clearinghouse shall be liquidated and applied by the Clearinghouse to pay any and all amounts owing by such Defaulting Participant to the Clearinghouse (the “Defaulted Obligations”); and

(b) if the amounts and assets referred to in clause (a) above are in the aggregate less than the Defaulted Obligations, and such Defaulting Participant fails to pay the Clearinghouse the amount of such deficiency on demand, such Defaulting Participant shall continue to be liable therefor, but the amount of such deficiency, until collected from such Defaulting Participant, shall be satisfied from the following sources of funds in the order listed:

(i) if the President so determines, a loan obtained by the Clearinghouse on such terms and conditions as the President may determine;

~~(ii) the Guaranty Fund;~~

~~(iii)~~(ii) such portion, if any, of the surplus of the Clearinghouse as the Board may determine to be available for such purpose.

The deficiency, when and as collected, shall be paid to the Clearinghouse.