

FMX Futures Exchange, L.P.
Adoption of Market Maker Incentive Program
Submission #2024-10
October 7, 2024

Via Electronic Portal

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Commodity Futures Trading Commission
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Washington, D.C. 20581

1. FMX Futures Exchange, L.P. (“FMX” or the “Exchange”) hereby certifies to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the attached amendment to Rule VI-1(a) of the FMX Rulebook in accordance with CFTC Regulation 40.6(a).
2. The proposed effective date of the rule amendment is October 22, 2024.
3. Attached please find a certification that: (1) this rule amendment 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 this rule submission with the Commission; and (ii) a copy of this submission.¹
4. A concise explanation of the operation, purpose, and incentives of the Program appears below.
5. No opposing views to adopting the Program were expressed to FMX in connection with the Program’s development and approval.

OPERATION, PURPOSE AND EFFECT OF THE PROPOSED
AMENDMENT TO FMX RULE VI-1(a)

In order ensure that the markets for Contracts operate appropriately, the Exchange wishes to retain certain flexibility to adjust the terms and conditions of any of its incentive programs to respond to market conditions and other relevant developments. Accordingly, the Exchange is revising Rule VI-1(a) of the FMX Rules as in shown in the attached exhibit. The Exchange will make the appropriate filings with the CFTC to reflect changes in an incentive program’s terms.

¹ See <https://www.fmxfutures.com/rules-notices/>. Capitalized terms used but not defined herein shall have the meanings given to such terms in the FMX Rules, and references to “FMX Rules” refer to such rules.

Based on its review, FMX has identified the following Core Principles as relevant to its assessment of the present change to its Rule VI-1(a) :

- ***Core Principle 2, Compliance with Rules.*** FMX believes that the Program will not adversely affect its ability to perform its trade practice and market surveillance obligations.
- ***Core Principle 3, Contracts Not Readily Susceptible to Manipulation.*** FMX believes that the Program will not cause the contracts it lists to be readily susceptible to manipulation.
- ***Core Principle 4, Monitoring of Trading.*** FMX believes that it will be able to monitor and surveil trading on the Exchange effectively, including trading by Persons or groups of Persons who have applied to be admitted into the Program, have been accepted in the Program by the Exchange, and are subject to the terms of the Program (“MMIPPs” and each, an “MMIPP”).
- ***Core Principle 7, Availability of General Information.*** FMX is making information about the Program available to the Commission, its regulatory services provider, all Participants, Customers, and the public.
- ***Core Principle 9, Execution of Transactions.*** FMX believes that the Program does not give rise to incentives that will adversely affect its ability to execute orders for all Participants.
- ***Core Principle 12, Protection of Market Participants.*** Trading by MMIPPs will be subject to the requirements of the FMX Rules, which have been designed to ensure the protection of the market and market participants.
- ***Core Principle 16, Conflicts of Interest.*** The activities of MMIPPs will be subject to the Exchange’s regular monitoring and surveillance processes and the requirements of the FMX Rules, including FMX Rule X-10, Conflicts of Interest.
- ***Core Principle 18, Recordkeeping.*** The Program is subject to the Exchange’s record retention policies, which have been designed to achieve compliance with applicable CFTC recordkeeping requirements.

EXHIBIT

Amendment of FMX Rule VI-1(a)

Addition is underlined and highlighted in red

VI-1 Incentive Programs

(a) Market Maker Incentive Program

The Market Maker Incentive Program provides that FMX Participants, or Direct Access Customers, meeting objective criteria with respect to providing liquidity to Contracts shall be entitled to receive benefits, as provided under the terms of the Incentive Program.

(i) FMX Participants and Direct Access Customers may apply for participation in the Market Maker Incentive Program, and the Exchange in its discretion shall select applicants, thereafter “Qualified Market Makers,” to participate in each cycle of the Market Maker Incentive Program;

(ii) the obligations of such Qualified Market Maker, including, but not limited to, any applicable minimum time-in-market, quote spread width and other trading requirements; and

(iii) the benefits accruing to such Qualified Market Maker

The Exchange may adjust quote spreads, minimum order sizes, and minimum session presence requirements of any Market Maker Incentive Program based on its ongoing evaluation of market conditions, price volatility, and other factors as it deems necessary or appropriate. The Exchange will notify Qualified Market Makers of any such adjustments as and when they are implemented. The Exchange will file appropriate certifications and notifications for such changes in accordance with CFTC Regulation 40.6 for the purpose of implementing these changes.

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 as attached complies with the Commodity Exchange Act and the Commission's regulations thereunder; and
- (2) Concurrent with this submission, FMX Futures Exchange, L.P., posted on its website, <https://www.fmxfutures.com/rules-notice/>: (a) a notice of pending certification of this rule submission with the Commission; and (b) a copy of this submission.

Thomas Thompson

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