



## CFE Regulatory Circular 21-004

**Date:** May 25, 2021  
**Exchange:** CFE  
**Market:** Futures  
**To:** Trading Privilege Holders and Other Market Participants  
**Re:** Position Limits

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### Replaces CFE Regulatory Circular [RG14-029](#)

Cboe Futures Exchange, LLC (“CFE” or the “Exchange”) is issuing this circular to remind Trading Privilege Holders (“TPHs”) and other Market Participants (“MPs”) of certain requirements related to position limits under CFE Rule 412.

#### Position Limit/Accountability Table

CFE publishes and updates position limits and accountability levels, as applicable, on its website for Contracts available for trading on CFE. The CFE Position Limit and Accountability Chart is available here:

<http://cfe.cboe.com/publish/CFEPosLimAcc/CFEPositionLimitandAccountabilityChart.pdf>

#### Position Limit Requirements

CFE designates for each Contract listed on the Exchange whether it is subject to position limits or position accountability. CFE Rule 412 sets forth the general requirements applicable to Contracts subject to position limits and the Contract Specifications rule chapter for each Contract sets forth the applicable position limit level(s) for that Contract.

CFE Rule 412, taken together with CFE Rule 308,<sup>1</sup> provides that TPHs and MPs may not control, or trade in, any Contracts that exceed the position limits established by the Exchange, subject to the following exception. A TPH or other MP may submit an application to the Exchange for an exemption from the applicable position limit for one or more risk management transactions, arbitrage or spread transactions, or bona fide hedge transactions.

In determining whether any TPH or other MP has exceeded the position limits established by the Exchange, all positions shall be aggregated in accordance with CFE Rule 412(e). Specifically, unless an exemption set forth in Rule 412(e)(iii) applies: (i) all positions in accounts for which any Person, by power of attorney or otherwise, directly or indirectly controls trading or holds a 10 percent or greater ownership or equity interest must be aggregated with the positions held and trading done by that Person; and (ii) any Person that, by power of attorney or otherwise, holds or controls the trading of positions in more than one account or pool with substantially identical trading strategies, must aggregate all such positions (determined pro rata) with all other positions held and trading done by

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<sup>1</sup> Pursuant to CFE Rule 308, non-TPH MPs are also subject to CFE position limits and the provisions of Rule 412.

that Person and the positions in accounts which the Person must aggregate pursuant to item (i) of this paragraph.

If a TPH or other MP exceeds a position limits as a result of maintaining positions at more than one Clearing Member, the TPH or other MP will be deemed to have waived the confidentiality of its positions and the identity of the Clearing Members at which the positions are maintained.

An application for a position limit exemption must be submitted to and approved by the Exchange *before* execution of any transaction for which the exemption is requested. In granting any position limit exemption, the Exchange may impose such limitations or conditions upon the grant of the exemption as it may deem necessary or appropriate.

Any position limit exemption granted by the Exchange shall remain in effect for the time period designated by the Exchange, unless the exemption is earlier rescinded by the Exchange. The Exchange has the authority, at any time and in its sole discretion, to review and rescind, limit or condition any position limit exemption granted by it. A TPH or other MP shall promptly submit to the Exchange upon request such supplemental information requested by the Exchange in connection with the review of a position limit exemption granted to the TPH or other MP.

A TPH or other MP that has received a position limit exemption must annually file an updated position limit application no later than one year following the approval date of the most recent application. Failure to file an updated application will result in expiration of the exemption.

#### **Applicability of Position Limit Provisions to Market Participants**

Pursuant to CFE Rule 308(c), Market Participants and Market Participant accounts are also subject to CFE position limit levels and the provisions of Rule 412 to the same extent that TPHs are subject to those position limit levels and provisions. Accordingly, Market Participants are obligated to, among other things, complete and submit a Position Limit Exemption Form in order to request an exemption to exceed a position limit level. Additionally, TPHs are required under CFE Rule 609 to establish, maintain, and administer reasonable supervisory procedures to ensure that Customers comply with CFE Rules, including Rule 412.

Additionally, each TPH is required under CFE Rule 609(a) to establish, maintain, and administer reasonable supervisory procedures to ensure that its Related Parties, automated trading systems and Customers comply with CFE Rules, including Rule 412. Each MP is required under CFE Rule 609(b) to supervise MP's activities and automated trading systems to ensure compliance with CFE Rules applicable to the MP, including CFE Rule 412.

This circular is not intended to provide a comprehensive description of the provisions related to CFE position limits and exemptions. TPHs and other MPs should refer to Rule 412 and the contract specifications rule chapter for each relevant contract for other additional detail.

### **Position Limit Exemption Request Form**

The CFE Position Limit Exemption Application Form (including instructions for submission) is available on the CFE's website at:

<https://cdn.cboe.com/resources/regulation/CFEPositionLimitApplication.pdf>

### **Additional Information**

Please contact CFE Regulatory Interpretations at [CFEreginterps@cboe.com](mailto:CFEreginterps@cboe.com) or 312.786.7229 for additional information.