

Cantor Futures Exchange, L.P.
Rule 40.2 New Contract Submission
Weekly Precipitation Day Count Index Binary Option Contract
Submission #2017-03
June 9, 2017

Cantor Futures Exchange, L.P. (“CX” or “Exchange”) hereby certifies its listing of the following new contract: Weekly Precipitation Day Count Index Binary Option Contract (“WPDC Contract”).

This submission is being made in accordance with Section 5c(e)(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 are attached.
2. The proposed listing date of the contract will be within 60 days of the effective date of the terms and conditions of the contracts, but no less than one day 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, including the relevant Core Principles, and the Commission’s regulations thereunder.

Description of the Contract

The WPDC Contract is a binary option contract relating to the number of days during a calendar week where the total liquid precipitation (including frozen equivalents melted and measured) equals or exceeds a Threshold Amount as reported by certain specified locations. It is designed to enable market participants whose businesses or operations are affected by the number of days

during a calendar week when there is precipitation more than the Threshold Amount to mitigate the commercial risks associated with precipitation day-count variability. The economic risk that the WPDC Contract can be used to mitigate or hedge against includes both periods where the number of days of precipitation are either excessive or insufficient. The Exchange has identified outdoor food service, real estate, and other commercial entities that have business lines that are materially affected by precipitation day count variability.

CX staff, in conjunction with meteorological experts at AccuWeather, developed specific features of the proposed contract to achieve this objective consistent with the Commission's Guideline 1, now found in Appendix C to Part 38 of the Commission's rules. In particular, the WPDC Contract's final settlement value will utilize data published at least daily by the National Weather Service in their Climate Report ("CLI") and Preliminary Local Climatological Data ("CF-6") reports. This daily data will be aggregated into the Weekly Precipitation Day Count Index used by the Exchange to cash-settle its contracts. That settlement value will be based on information that is commercially acceptable, publicly available and timely in its availability.

The WPDC Contract operates similar to the other binary options listed for trading on the Exchange. Like all binary options, it is characterized by the payment of an absolute amount to the holder of one side of the option and no payment to the counterparty. In this case, the long position holder is paid if the number of days for which precipitation equaled or exceeded the Threshold Amount at the specified location is equal to or greater than the strike level, and the short position holder is paid if the number of days at the specified location is less than the strike level.

Trading of the contract is on a principals-only basis, like all other CX contracts, and all participants are self-clearing. The at-risk amount of all Participants is fully margined in accordance with the Cantor Clearinghouse Order of Registration and its rules.

The Exchange intends to list initially for trading only the Atlantic City, New Jersey contract. However, at least five hundred (500) other locations in the United States have sufficient weather reporting capabilities to calculate the required Weekly Precipitation Day Count Index and the Exchange will consider adding additional locations when demanded by market participants. There are no premiums or discounts relative to various locations; each location is a separate option contract. The complete list of contract locations is included here as Appendix B and will be published on the Exchange website.

There is not a "cash market" underlying this binary option contract. However, CX WPDC Contracts are not the first precipitation based index option contracts to be offered by a U.S. designated contract market. The Exchange expects that the WPDC Contract market will provide additional price discovery and hedging capabilities for this market.

The terms of the Contracts meet the standards set forth in Appendix C to Part 38 as follows:

Contract size: There is no established cash-market delivery pack or contract size. The Exchange takes the view that maximizing the commercial usefulness of any product dictates that the contract size should conform to commercial norms and, furthermore, legacy front- and back-office technological limitations should not dictate contract sizing. Therefore, as with other CX

binary option contracts, the WPDC Contracts are sized with a one-dollar notional value to enable contract users to best match the size of the contracts purchased to their economic risks.

Strike price listing provisions: In discussion with market participants, the Exchange will initially list strike price increments from one (1) to seven (7) days of precipitation greater than or equal to the Threshold Amount. All available strike prices by location will be published on the Exchange's website.

Listing cycle: There is no established cash market listing cycle. Expirations will be listed by week corresponding to the risk management needs of contract users. The initial set of contract weeks for listing will be the week ending June 30, 2017 through the week ending January 5, 2019. The Exchange will add additional contract weeks on an annual basis, and will publish all available contract weeks on its website.

Tick size: The minimum price fluctuation is one cent. Price bands will apply so that options may only be listed at values of at least one cent and at most 99 cents. There is no current minimum price fluctuation in the cash market. A minimum price fluctuation of one cent is the standard tick size on CX.

Position accountability: The Exchange has provided for a position accountability level of 10,000 contracts net short or net long for each WPDC location.

Reporting level: The reporting level will be 125,000 contracts, which is equivalent to the reporting level for other binary options.

Core Principle 3—Swaps Not Readily Susceptible to Manipulation

Core Principle 3 and Rule 38.200 provide that a DCM shall not list for trading contracts that are readily susceptible to manipulation. Appendix C(c) to Part 38 sets forth the considerations for determining that a cash-settled contract is not readily susceptible to manipulation.

The WPDC Contract is a cash-settled contract based upon objective data regarding the amount of precipitation at a certain specified location, which is not readily susceptible to manipulation. Deliverable supplies are not a relevant consideration for this contract, nor does the contract depend on an index of pricing information to determine whether the binary option is in or out of the money. Rather, the WPDC Contract relies on the Weekly Precipitation Day Count Index, which is based on objective, scientific data published in the CLI and CF-6 reports by the National Weather Service. This information is publicly available and timely published.

The National Weather Service is an agency of the United States government tasked with providing official meteorological and climatological data. Data published in the CLI and CF-6 reports are public and based on objective, observable information and will be a reliable indicator of the precipitation amount on the given days. No individual can manipulate or distort this data, nor is any individual able to affect prices on the Exchange by manipulating these reports. Accordingly, the cash settlement determination is based upon publicly available, objective data that is reliable and widely-accepted as authoritative.

Nevertheless, the Exchange in its discretion may use other public and private weather reporting sources to determine the Weekly Precipitation Day Count Index when doing so is in the best interest of the marketplace. This authority would be used only in the unforeseen event that National Weather Service data was unavailable. Any such alternative source would also be objective and verifiable, and the Exchange would document any such decision.

Core Principle 11—Financial Integrity of Transactions

Core Principle 11 and Rule 38.601 require that a contract be subject to mandatory clearing.

The WPDC Contract is subject to mandatory clearing on the same terms as all other binary options cleared by Cantor Clearinghouse. These requirements are designed to enhance the financial integrity of all products traded on the Exchange.

All Remaining Requirements

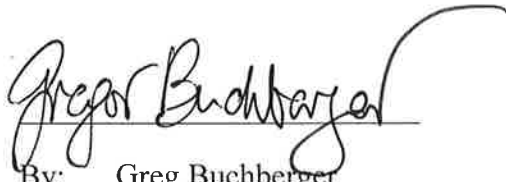
All remaining Core Principles are satisfied through operation of the Exchange and its Clearinghouse under the rules, processes, and policies applicable to the other binary options traded thereon. Nothing in the WPDC Contract requires any change from current rules, processes, or policies.

**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 Weekly Precipitation Day Count Index Binary Option Contract complies with the Commodity Exchange Act, and the Commodity Futures Trading Commission's regulations thereunder; and

(2) concurrent with this submission, Cantor 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.

A handwritten signature in black ink that reads "Greg Buchberger". The signature is written in a cursive style and is positioned above a horizontal line.

By: Greg Buchberger
Title: Chief Regulatory Officer
Date: 06/09/2017

ATTACHMENT A—CONTRACT TERMS AND CONDITIONS

CANTOR FUTURES EXCHANGE, L.P. CHAPTER IX CONTRACTS

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IX-3200. WEEKLY PRECIPITATION DAY COUNT INDEX BINARY OPTIONS

(a) Scope and Underlying

(i) These Contract Rules will govern the trading on the Cantor Futures Exchange, L.P. (the “Exchange”) of the WEEKLY PRECIPITATION DAY COUNT INDEX BINARY OPTION CONTRACT (“WPDC Contract”). In general, the Contract is a binary option that will settle once per week and will pay \$1.00 per contract to any long position holder if the Weekly Precipitation Day Count Index at the specified location is equal to or greater than the strike level; \$1.00 per contract to any short position holder if the Weekly Precipitation Day Count Index at the specified location is less than the strike level; and nothing at all to other holders of that contract.

(ii) Clearing of the WPDC Contract will be governed by the rules of the Cantor Clearinghouse, L.P. (the “Clearinghouse”). These Contract Rules are established pursuant to and constitute “Contract Rules” under Rule IX-4(e) of the Rules of the Exchange and constitute “Contract Rules” Under Rule IX-4(g) of the Rules of the Clearinghouse. Capitalized terms used, but not defined herein, have the meanings ascribed to them in the Rules of the Exchange or the Rules of the Clearinghouse, as applicable.

(b) Calculation and Quotation of the Day Count Index

(i) The Weekly Precipitation Day Count Index is defined as the number of days in which the total liquid precipitation (including frozen equivalents melted and measured) reported by specific measuring stations during each week and measured in hundredths of inches equals or exceeds the Threshold Amount of rain for that location and week as specified in Table 1.

(ii) Each index point shall be quoted in whole numbers representing the number of days on which the Threshold Amount was equaled or exceeded by measured precipitation at the specified location.

(iii) The Exchange may publish intra-week values of the Weekly Precipitation Day Count Index value for each location. These values, when published, will be available on the Exchange website.

(iv) The Weekly Precipitation Day Count Index will be calculated by the Exchange relying primarily on data published in the Climate Report (“CLI”) and Preliminary Local Climatological Data (“CF-6”) reports by the National Weather Service (“NWS”). The

Exchange makes no warranties with respect to the accuracy of the data published by the NWS and in its discretion may use other public and private weather reporting sources to determine the Weekly Precipitation Day Count Index when doing so is in the best interest of the marketplace. The Exchange shall document the information on which it bases its calculation of the Weekly Precipitation Day Count Index.

Amounts reported in the CLI and CF6 reports may be subject to revision and may not accurately reflect the actual precipitation occurring during a given calendar day at a given reporting station. Any such revision in the reported amount may be taken into consideration by the Exchange for inclusion into its Weekly Precipitation Day Count Index calculation except that no such revision will cause the Weekly Precipitation Day Count Index to be less than a previously published Weekly Precipitation Day Count Index value for the specified location in any given week.

(c) Contract Weeks

The Exchange will make available for trading contracts in those weeks published on its website. In general, weeks are expected to start on Saturday and end the following Friday, however certain locations may employ alternative start and end days. The complete list of such weeks may be found on the Exchange website.

(d) Contract Locations

The Exchange may list contracts for any location that has sufficient weather reporting capabilities to calculate the Weekly Precipitation Day Count Index. The complete list of such locations may be found on the Exchange website.

(e) Strike Price Intervals

Strike prices shall be one (1) through seven (7) representing the number of days that measured precipitation at the specified location equaled or exceeded the Threshold Amount measured in hundredths of an inch of liquid precipitation (including frozen equivalents melted and measured) for the given location and week, as listed in Table 1.

(f) Trading Days and Trading Hours

(i) Regular trading of WPDC Contracts will be Sunday 6:30 PM ET through Friday 4:00 PM ET, continuously.

(ii) The Exchange may provide for trading, including Saturdays, Sundays and holidays, of WPDC Contracts by posting such trading schedules on its website.

(iii) Notwithstanding Rule IX-3100(f)(i) and IX-3100(f)(ii) above, the Exchange may permit modifications to these Trading Days and Trading Hours for the purposes of (A) scheduled technology maintenance, (B) abbreviated holiday trading schedules, and (C) as required by market or environmental considerations. All such changes shall be published on the Exchange website.

(g) First Day of Trading, Last Day of Trading, Early Termination of Trading

(i) The First Trading Day for each WPDC Contract will be published on the Exchange website.

(ii) The Last Trading Day for each WPDC Contract shall be the day after the last calendar day of the week corresponding to each WPDC Contract, if such Last Trading Day falls on a Business Day; in this case trading shall terminate at noon on such day. Otherwise the Last Trading Day shall be the last Business Day of the week corresponding to each WPDC Contract; in this case trading shall terminate at 4:00 PM ET on such day.

(iii) Early Termination of Trading for each WPDC Contract will occur any time the Exchange publishes a Weekly Precipitation Day Count Index value that equals or exceeds the strike level for a given location in a given week. For example, if the Exchange publishes a Weekly Precipitation Day Count Index value of 1 on December 5, 2017 for the KJFK location, then the Exchange will provide for a final settlement of the corresponding WPDC contract with a strike level of "1" and trading in such contract will terminate upon such final settlement.

(h) Price Limits and Minimum Increment

(i) There shall be no trading in WPDC Contracts at more than ninety-nine cents (\$0.99) or less than one cent (\$0.01).

(ii) The minimum trading increment of each WPDC Contract is one cent (\$0.01).

(i) Position Accountability Levels

The position accountability level shall be 10,000 contracts net short or net long for each MARI location.

(j) Original Margin Requirements

Original Margin shall be 100% of the at-risk amount for all Participants of each WPDC Contract as required by the Clearinghouse.

ATTACHMENT B—WPDC CONTRACT LOCATIONS

The following is the initial WPDC Contract Location:

- KACY: Atlantic City, NJ