

FMX Futures Exchange, L.P.
Adoption of Position Limits and Positions Aggregation Rule
Submission #2025-03
February 28, 2025

Via Electronic Portal

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Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
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 proposal for a Rule on position limits and positions aggregation through FMX (“Rule”) in accordance with CFTC Regulation 40.6(a).
2. The proposed effective date of the Rule is March 14, 2025.
3. Attached please find a certification that: (1) the Rule complies with the Commodity Exchange Act and the Commission’s regulations thereunder; and (2) concurrent with this submission, the Exchange has 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 effect of the Rule appears below.
5. No opposing views to adopting the Rule were expressed to FMX in connection with the Rule’s development and approval.

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¹ See <https://www.fmxfutures.com/rules-notices/regulatory-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” or an “FMX Rule” refer to such rules.

A CONCISE EXPLANATION OF THE OPERATION, PURPOSE, AND EFFECT OF THE RULE, INCLUDING CORE PRINCIPLES.

Attached to this document is Exhibit I, which describes the key terms of the Rule. The Rule will take effect on March 14, 2025, and will enable the Exchange to set quantitative thresholds for certain positions and the aggregation of positions, absent an exemption. The purpose of the Rule is to reduce the threat of market manipulation.

FMX has reviewed the core principles for designated contract markets set forth in Section 5 of the Commodity Exchange Act and in the Commission's Part 38 Regulations thereunder ("Core Principles"), as well as the FMX Rules. Based on its review, FMX has identified the following Core Principles as relevant to its assessment of the Rule:

- **Core Principle 2, Compliance with Rules.** FMX believes the Rule 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 Rule will not cause the contracts it lists to be readily susceptible to manipulation.
- **Core Principle 4, Prevention of Market Disruption.** FMX believes that it will be able to monitor and surveil trading on the Exchange effectively under the terms of the Rule.
- **Core Principle 5, Position Limitations or Accountability.** FMX believes that the position limits implemented under the terms of the Rule comply with the Federal limits established by the CFTC.
- **Core Principle 7, Availability of General Information.** FMX is making information about the Rule available to the Commission, its regulatory services provider, Customers, and the public.
- **Core Principle 9, Execution of Transactions.** FMX believes that the Rule does not give rise to incentives that will adversely affect its ability to execute orders for all Customers.
- **Core Principle 10, Trade Information.** FMX believes the Rule will not adversely affect its ability to record and store trade information.
- **Core Principle 12, Protection of Markets and Market Participants.** FMX believes the Rule will not adversely affect its ability to protect market participants. FMX will continue to monitor market participants to prevent abusive practices.
- **Core Principle 18, Recordkeeping.** The Rule is subject to the Exchange's record retention policies, which have been designed to achieve compliance with applicable CFTC recordkeeping requirements.
- **Core Principle 20, System Safeguards.** The Exchange believes that the systems used in relation to the Rule have sufficient safeguards in place.

By its terms, the Rule acts in concert with FMX and CFTC requirements, and neither imposes unnecessary restrictions nor violates the Core Principles. In addition, Chapter XIV of the FMX Rules requires the active monitoring of the Exchange for trading abuses. FMX's Control Desk monitors activity on the Exchange for disruptive trading. Both the Exchange's Surveillance Department and its regulatory services provider review for manipulative and other abusive trading practices. Chapter XIV of the FMX Rules also provides for the Exchange's Chief Compliance Officer to conduct investigations of Participants and to bring disciplinary measures against Participants as warranted.

Exhibit I

Position Limits and Positions Aggregation Rule of FMX Futures Exchange, L.P.

CHAPTER I – DEFINITIONS; INTERPRETATION; AMENDMENTS

[...]

Position Limit

The term “Position Limit” shall have the meaning ascribed to it in Rule XI-3.

[...]

CHAPTER XI – General Trading Provisions

[...]

XI-3 Position Accountability, Position Limits, Positions Aggregation

(a) Position Accountability

(i) Position Accountability levels may be established by the Exchange, in its discretion, from time to time, for Contracts having a highly liquid and deep cash market. Such Position Accountability levels may be specific to a particular Contract, as set forth in the relevant Contract Rules, or delivery month or may be established on an aggregate basis among Contracts.

(ii) The Compliance Department may, at any time, require a **P**erson who owns or controls positions in contracts traded on the Exchange or cleared by the applicable clearinghouse which exceed a Position Accountability level to which such **P**erson is subject to provide information relating to the nature and size of such **P**erson’s position; the trading strategy employed with respect to the position; as relevant, information supporting a determination of the hedging nature of the position; and such other information as the Compliance Department may request.

(iii) The Compliance Department may order the reduction of such position to the Position Accountability level of any **P**erson who fails to provide the information as directed.

(iv) A **P**erson who holds or controls aggregate positions in excess of a specified Position Accountability level shall be deemed to have consented not to further increase the size of such **P**erson’s position, or to reduce any open position which exceeds the Position Accountability level as directed by the head of the Compliance Department, in his or her sole discretion.

~~(v) — For purposes of this section (a), all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding shall be treated the same as if the positions were held by a single person.~~

(b) Position Limits

(i) A Position Limit may be established by the Exchange, in its discretion, from time to time, to reduce the potential threat of market manipulation or congestion. Such Position Limit may be specific to a particular Contract, as set forth in the relevant Contract Rules, or delivery month, including the closest Contract to expiration, or may be established on an aggregate basis among Contracts.

(ii) A spot month Position Limit may be established by the Exchange that is specific to a particular Contract that is the closest Contract to expiration. The spot month Position Limit shall be effective during the period specified in the relevant Contract Rules.

(iii) No Person may for itself or any Customer maintain a position in excess of the Position Limits established by the Exchange. Any position that exceeds a Position Limit, including positions established on an intraday or end-of-day basis, during the period specified in the relevant Contract Rules shall constitute a Position Limit violation.

(iv) In the event the Exchange learns that any Person exceeds a Position Limit, the Clearing Member shall not be in violation of this section (b) if it carries positions for its Customer in excess of the applicable Position Limits for a reasonable period of time as the Clearing Member may require to discover and liquidate the excess positions. For the purposes of this section (b), a reasonable period of time shall generally not exceed one (1) Business Day.

(v) In the event that the Exchange learns that any Person exceeds a Position Limit as a result of holding positions at more than one Clearing Member, the Exchange may notify all Clearing Members maintaining such accounts of the total positions held in such accounts. A Clearing Member carrying such positions shall not be in violation of this rule if, upon notification by the Compliance Department, it liquidates its pro-rata share of the position in excess of the limits or otherwise ensures the Customer is in compliance with the limits within a reasonable period of time. For purposes of this rule, a reasonable period of time shall generally not exceed one (1) Business Day.

(c) Position Aggregation

(i) For purposes of this Rule XI-3, all positions in accounts for which a Person, by power of attorney or otherwise, directly or indirectly holds positions or

controls trading, or holds a 10 percent or greater ownership or equity interest, shall be included with the positions held by such Person. Positions held by two or more Persons acting pursuant to an express or implied agreement or understanding shall be treated the same as if the positions were held by a single Person. 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 in accordance with the provisions of CFTC Regulation 150.4(a)(2).

(ii) In accordance with CFTC Regulation 150.4(b), the Exchange may exclude any Person from the aggregation requirements of paragraph (i) of this section (c). Any Person claiming an exemption from aggregation of positions under CFTC Regulation 150.4(b) must provide written notice to the Compliance Department in the form specified by the Exchange, demonstrating the Person meets the applicable requirements for exemption. Such written notice shall include (1) a description of the relevant circumstances that warrant disaggregation and (2) a statement by a senior officer or executive of the Entity certifying that the conditions set forth in the applicable CFTC aggregation exemption provision have been met. In the event of a material change to the information provided in any written notice filed under this section (c), an updated or amended notice must be promptly filed with the Compliance Department detailing the material change. The Compliance Department may in its discretion suspend, terminate, or modify a Person's exemption from aggregation for failure to comply with this section.

[...]

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 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-notices/regulatory-notices/>: (a) a notice of pending certification of this rule submission with the Commission; and (b) a copy of this submission.

Rhianna Ross

By: Rhianna Ross
Title: Chief Compliance Officer
Date: February 28, 2025