



October 31, 2023

Christopher J. Kirkpatrick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

Re: Cboe Clear Digital, LLC Rule Certification  
Submission Number CCD-2023-04C

Dear Mr. Kirkpatrick:

Cboe Clear Digital, LLC (“CCD” or “Clearinghouse”), a registered derivatives clearing organization (“DCO”) under the Commodity Exchange Act, as amended (“CEA” or the “Act”), hereby submits, pursuant to §40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission (“CFTC” or “Commission”) the Cboe Global Markets (“CGM”) Enterprise Risk Management (“ERM”) Policy (the “Policy”), which governs ERM for CCD. CCD is a majority-owned subsidiary of CGM. Although it was previously subject to the CCD ERM policy, which the Commission reviewed as part of its review of CCD’s application to amend its DCO order of registration to clear margin future products,<sup>1</sup> CGM updated the Policy to incorporate Cboe Digital Intermediate Holdings (“Cboe Digital”)<sup>2</sup> in August 2023, and the CCD Board adopted the Policy shortly thereafter. The Policy is set forth in a segregated confidential **Exhibit A** to this submission, which will become effective on November 15, 2023.

Below is a concise explanation and analysis of the operation and purpose of the Policy and its compliance with the applicable provisions of the Act.

The Policy applies to CGM and its subsidiaries, including CCD. The Policy aims to identify, assess, respond to, and report opportunities and threats that could affect the achievement of CGM’s (and, by extension, CCD’s) goals and objectives. The Policy advances industry best practices and principles outlined in the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”)’s Risk Assessment in Practice (2012), COSO’s Compliance Risk Management: Applying the COSO ERM Framework (2020), and ISO’s Risk Management – Guidelines (2018).

The Policy articulates general risk management objectives, implements a strong risk culture, sets forth ERM risk management roles and responsibilities (lines of defense and oversight), and details the various processes that CGM uses to confirm and execute ERM principles. Processes used to confirm and execute ERM principles include a risk tolerance chart and risk appetite charts that contain the most significant risks identified by the CGM businesses (comprised of defined risk categories that include, for example, financial risk and operational risk), and key risk indicators used to inform the qualitative risk ratings listed in the risk tolerance and risk appetite charts. The Policy identifies global financial risk assessment parameters and

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<sup>1</sup> CCD’s amended DCO order of registration was approved by the Commission on June 5, 2023.

<sup>2</sup> Cboe Digital Intermediate Holdings is a subsidiary of CGM, and a parent company of Cboe Clear Digital. CDIH is also a parent company of Cboe Digital Exchange, LLC, an affiliated CFTC-registered Derivatives Contract Market.

likelihood, including specific monetary impact to Cboe Digital as a result of a significant control breakdown or significant adverse risk event. The Policy also articulates specific ERM reporting and training requirements.

Significant changes to the Policy are subject to review by Cboe Digital senior management and the Cboe Digital risk management committee prior to Cboe Digital board approval. In Appendix B of the Policy – “Subsidiary-Specific Second Lines of Defense” – the Policy provides specific allocation of responsibilities and requirements to Cboe Digital, which include quarterly meetings of the Cboe Digital Chief Risk Officer (“CRO”), compliance, information security, legal, and technology functions; and designation of the CRO as a CFTC 39.10(d)(4) Enterprise Risk Officer, reporting to the Board.

#### Core Principle Compliance

CCD believes the Policy is consistent with the DCO Core Principles as set forth in the CEA. Specifically, CCD believes the Policy is in line with DCO Core Principle D, Risk Management, as the Policy ensures that CCD possesses the ability to manage the risks associated with discharging its responsibilities through the use of appropriate tools and procedures by setting forth a comprehensive framework for enterprise risk management, including objectives, risk culture, responsibilities, and processes. The Policy ensures that CCD is appropriately adhering to a high standard of risk management in line with industry best practices, and also ensures that processes are put in place for regular review of relevant risk metrics.

#### Public Information

A notice and copy of this submission has been concurrently posted on Cboe Digital’s website at <https://www.cboedigital.com/regulation/exchange-notices/> under “CFTC Submissions.”

#### Opposing Views

CCD is not aware of any opposing views expressed regarding this rule change.

#### Certification

CCD hereby certifies to the Commission, pursuant to the procedures set forth in Commission regulation §40.6, that this submission complies with the CEA, as amended, and the regulations promulgated thereunder.

Please contact me if you have any questions or wish to discuss this matter further.

Sincerely,

**/s/ Katherine Kirkpatrick**

Katherine Kirkpatrick  
Chief Legal Officer, Cboe Digital  
[kkirkpatrick@cboe.com](mailto:kkirkpatrick@cboe.com)

**Exhibit A**

**[CONFIDENTIAL TREATMENT REQUESTED]**