

**Cantor Futures Exchange, L.P.**  
**CFTC Rule 40.6 Submission #2016-3**  
**January 25, 2016**

1. The text of the FAQ, which constitutes a rule interpretation and is a rule change under CFTC Rule 40.1, is found in Attachment A. The full text is an addition. There are no deletions. Capitalized terms, unless otherwise defined herein shall possess the meaning(s) ascribed in the Cantor Futures Exchange, L.P. Rulebook.
2. The proposed effective date is ten business days after receipt by the Commodity Futures Trading Commission of this submission.
3. Attached, please find a certification that: (1) these rules comply with the Commodity Exchange Act, and the Commission's regulations thereunder; and (2) concurrent with this submission, Cantor Futures Exchange, L.P. posted on its website: (i) a notice of pending certification of the rule submissions with the Commission; and (ii) a copy of this submission.
4. A concise explanation and analysis of the operation, purpose, and effect of the amended rule appears below.
5. There were no opposing views expressed regarding these amended rules.

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**CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND  
EFFECT OF THE CERTIFIED RULE AND ITS COMPLIANCE WITH APPLICABLE  
PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE COMMISSION'S  
REGULATIONS THEREUNDER**

Pursuant to Commission Rule 40.6(a)(7)(vi), the following is a concise explanation and analysis of the operation, purpose, and effect of the amended rules.

*FAQ--Pre-discussion of Trades*

This Frequently Asked Question ("FAQ") further explains in plain English the meaning and operation of Cantor Futures Exchange, L.P. ("CX") Rule VI-11(a). The FAQ makes clear that pre-discussion of a transaction is permitted under CX rules, but only subject to a 15-second delay in entering the two sides of the agreed upon transaction. The FAQ notes that the CX rule is silent with respect to which party to a pre-discussed trade should enter the first order and which shall enter the delayed order. The FAQ provides guidance that the party who enters the first order and the party who enters the second, delayed order should be agreed between the parties during their pre-discussion. The FAQ also reminds Participants that once exposed to the market, there is the possibility that another trader may be matched against the first order before the second order is submitted.

## *Analysis*

CX reviewed the Core Principles for Designated Contract Markets under section 5(d) of the Commodity Exchange Act, 7 U.S.C. §1 et seq. (“Act”). Core Principle (1)–“Designation as a Contract Market; Core Principle (4) Prevention of Market Disruption; and Core Principle (9) Execution of Transactions are potentially applicable to this FAQ.

The FAQ does not impact CX’s ability to perform trade practice and market surveillance of its market as required by Core Principles 1 and 4. The FAQ explains the operation of CX Rule VI-11(a), but does not make any change which would affect order execution on CX. See Core Principle 9.

**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 the foregoing rule amendments (including a related advisory FAQ) comply with the Commodity Exchange Act, 7 U.S.C. §1 *et seq.* and regulations thereunder.

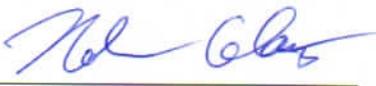


By: Nolan Glantz

Title: COO

Dated: 1/25/2016

I hereby certify that a copy of this filing was posted on the Cantor Futures Exchange, L.P. website the day of its submission to the Commission.



By: Nolan Glantz

Title: COO

Dated: 1/25/2016

## ATTACHMENT A

### **Frequently Asked Question Pre-discussion of Trades**

Thank you for your interest in trading on Cantor Exchange (“CX”). Below is a question that is frequently asked regarding trading on CX.

*May Participants pre-negotiate a transaction on CX?*

Parties to a transaction on CX can discuss or pre-negotiate the transaction, but only if they do so in strict compliance with the procedure established by CX Rule VI-11(a). CX Rule VI-11(a) states that two traders may discuss or negotiate the terms of a transaction but that the actual transaction must take place on the CX market. This occurs by one party entering a buy order and the other party entering a sell order into the Cantor Direct System. CX Rule VI-11(a) requires that after one party enters the first order the second party must wait 15 seconds before entering the second order. The purpose of this time lag is to expose the first order to the entire market. It is possible that another participant in the market may see the first order and enter an order resulting in the execution of a transaction. In this case, the original counterparty to the pre-discussion may not get his or her order executed. The two parties engaging in the pre-discussion should decide between themselves who will enter the first order into the CX market and who will wait the required 15 seconds.