September 8, 2026

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: Cboe Clear U.S., LLC; Notice of Filing of an Application, as Amended, for Temporary Registration as a Clearing Agency Under Section 17A of the Securities Exchange Act of 1934 **(Release No. 34-105960; File No. 600-47) (the "Notice")**

Dear Ms. Countryman:

PTG[1] appreciates the opportunity to comment on the application (the "Application"), as amended,[2] of Cboe Clear U.S. LLC ("CCUS") for temporary registration as a clearing agency under Section 17A of the Securities Exchange Act of 1934 ("Exchange Act"), filed in connection with CCUS's proposal to provide central counterparty clearing services for cash settled, binary security options, including Binary KPI Options overlying company-specific performance metrics.

PTG is concerned about the precedent this Application may set, as Cboe has publicly stated that it intends to seek permanent registration for CCUS at the end of the eighteen-month temporary period.[3] Cboe's Chief Executive Officer described this Application's significance broadly, stating that the SEC filing at issue here "will help us better innovate in options and expand our future offerings, backed by a vertically integrated stack of trading and clearing."[4] Cboe's public statements suggest CCUS is intended as a general-purpose platform spanning multiple future offerings, not a narrowly-scoped solution limited to Binary KPI Options. Allowing Cboe to follow through on such intentions would raise the risk that temporary registration becomes the pathway

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1 PTG is a leading trade association of principal trading firms advocating for fair, transparent, and robust markets. Members provide essential liquidity and facilitate price discovery, both critical to well-functioning markets. PTG engages with policymakers and regulators to safeguard market integrity by offering expert guidance on market structure while highlighting the positive contributions of liquidity providers.

2 *See* Notice, at n.1 (noting that CCUS amended the Application on July 7 and July 17, 2026).

3 *See* Cboe Global Markets, Inc., Second Quarter 2026 Earnings Conference Call (July 31, 2026, 8:30 a.m. ET) (remarks of Craig Donohue, Chief Executive Officer) ("We filed an application for temporary registration with the SEC as a covered clearing agency with full registration targeted at the end of an 18-month period, subject to regulatory approval."), webcast and transcript archived at Cboe's Investor Relations website, ir.cboe.com, under "Events."

4 *See* Cboe Global Markets, Inc., Second Quarter 2026 Earnings Conference Call, supra note 3 (remarks of Craig Donohue, Chief Executive Officer) ("Our SEC filing, if approved, will help us better innovate in options and expand our futures offering backed by a vertically integrated stack of trading and clearing.").

for a proliferation of similar exchange-affiliated clearing arrangements for competing products, including those MEMX has already proposed.[5]

PTG supports CCUS's temporary registration as a time-limited bridge that allows innovative, investor-protective products to reach the market only until the Options Clearing Corporation ("OCC") is operationally ready to clear such products. Our support is for temporary registration; PTG fully opposes CCUS becoming a permanent fixture in securities clearing for this or any other future Cboe product. The Commission should consider the broader market structure implications of this Application and weigh these concerns closely before any grant of permanent registration.

I. Temporary Registration is a Stopgap Until OCC Can Clear These Products

Cboe's rationale for their Application is that CCUS allows it to move more quickly on novel product types than may currently be practicable through OCC's existing infrastructure, citing differences in "risk profile," "risk appetite," and "operational capabilities" between OCC's current framework and what these new products require.[6] OCC's April 2026 rule filing, however, updated its risk methodology to clear binary options and established a general framework not limited to any single exchange or underlier type. OCC initially applied that framework to binary options on equity indexes, with additional products expected to launch as exchanges expand their offerings.[7]

The right path forward is for OCC to clear these products. CCUS's description of binary options, as bounded and fully margined, indicates a comparatively simple risk profile relative to conventional options because the maximum payout is fixed and known in advance. CCUS explains that this structure mitigates procyclicality risk (the risk that margin requirements spike during market stress), wrong-way risk (the risk that a defaulting member's losses grow precisely when market conditions are worst), model risk (the risk that a margin model understates rare, extreme losses), and concentration risk (the risk that a single large position generates outsized losses).[8]

PTG members are frustrated with OCC's pace of innovation, which is why PTG supports CCUS's temporary registration as a stopgap. Such grudging support, however, should not be mistaken for acquiescence among market participants to the kind of vertically integrated clearing structure that

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5 *See* MEMX LLC, Notice of Filing of Proposed Rule Change to Adopt New Chapter 30 of the Exchange's Rules to Provide for the Listing and Trading of Securities Event Contracts, File No. SR-MEMX-2026-25 (filed Aug. 11, 2026) (proposing to list "Equities Based Exchange Prediction Contracts" tied to corporate earnings, revenue, and other issuer-specific performance metrics, following a substantially similar proposal by Cboe Global Markets).

6 *See* Cboe Global Markets, Inc., Second Quarter 2026 Earnings Conference Call (July 31, 2026, 8:30 a.m. ET) (remarks of Craig Donohue, Chief Executive Officer) ("It allows us to move more quickly and to do things that either may be different in terms of the risk profile or risk appetite or operational capabilities of OCC at the present time."), webcast and transcript archived at Cboe's Investor Relations website, ir.cboe.com, under "Events."

7 *See* Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change..., Exchange Act Release No. 34-105208 (Apr. 10, 2026), 91 FR 20192, 20193 (Apr. 15, 2026) (File No. SR-OCC-2026-003); Order Approving Proposed Rule Change, Exchange Act Release No. 34-105537 (May 21, 2026), 91 FR 31513, 31514 & n.7 (May 27, 2026) (File No. SR-OCC-2026-003).

8 *See* Application, Exhibit J at 6 (stating that "the binary security option's fully margined, bounded-payout structure also mitigates: (i) procyclicality risk (i.e., fixed exposure prevent market stress from increasing margin requirements); (ii) wrong-way risk (i.e., CCUS's exposure to [a] defaulting clearing member remains fixed despite contributing market conditions); (iii) model risk (i.e., the discrete payoff eliminates margin models' tail-risk understatement); and (iv) concentration risk (i.e., the collateralized, discrete payoffs prevent position concentration from generating outsized tail risk)."

characterizes the U.S. futures market, where each major derivatives exchange group operates its own clearinghouse. For securities, our members' preference remains a central, industry-utility clearing model, of the kind OCC has long provided for listed options.

II. The Commission Should Be Attentive to the Risk of Vertically Integrated, Monopolistic Clearing Solutions

CCUS is a wholly-owned, indirect subsidiary of Cboe Global Markets, Inc. ("CGM"), which also owns Cboe Exchange, Inc., the venue on which Binary KPI Options will trade. If CCUS becomes the durable, default clearing venue not only for Binary KPI Options but for other new product types Cboe brings to market over time, the practical effect is a vertically integrated stack in which a single corporate group controls listing, trading, and clearing for an increasing share of its own product set.

We are concerned that this model risks recreating, product by product, the kind of monopolistic market structure that the national clearance and settlement system embodied in Section 17A of the Exchange Act was specifically designed to avoid.[9] If replicated across the industry, it would fragment clearing into a series of closed, exchange-affiliated silos rather than the single, open venue Section 17A contemplated. That risk is heightened here because, unlike Cboe's proprietary index products, Binary KPI Options are not tied to any licensed or exclusive underlying; they reference public, issuer-reported metrics that any exchange could list on a competitive, fungible basis. Routing these products through a CGM-affiliated clearing agency allows Cboe to treat an inherently open product category as though it were proprietary, foreclosing the kind of competition and fungibility that would otherwise be available. This risk is not merely theoretical: MEMX has already signaled interest in offering economically similar products.[10]

We recognize that Cboe has stated publicly that its clearing efforts are "designed to be complementary" to its partnership with OCC, and that Cboe's own executives have expressed skepticism toward "closed silo" market structures.[11] Our concern is structural rather than a comment on Cboe's present intentions: the relief requested here would establish an operational and regulatory template, an SEC-registered, exchange-affiliated clearing agency positioned as a general-purpose innovation platform, that could be replicated across the industry regardless of any individual applicant's current plans. Indeed, Cboe's own stated preference for open, all-to-all market structures over closed silos[12] is an argument for preserving OCC's central role, not for routing new product innovation through exchange-affiliated clearing agencies.

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[9] *See* 15 U.S.C. 78q-1(a)(2) (directing the Commission to facilitate the establishment of a national system for the prompt and accurate clearance and settlement of securities transactions, and the establishment of linked or coordinated clearance and settlement facilities).

[10] *See supra* note 5.

[11] *See* Cboe Global Markets, Inc., Second Quarter 2026 Earnings Conference Call, supra note 3 (remarks of Craig Donohue, Chief Executive Officer) ("Our clearing efforts are designed to be complementary to our long-standing partnership with OCC."); id. (remarks of Craig Donohue in response to a question from Alexander Blostein, Goldman Sachs Group, Inc., Research Division) (stating that vertically integrated, closed silo structures "don't provide the interactive capability across the entire marketplace").

[12] *See* Cboe Global Markets, Inc., Second Quarter 2026 Earnings Conference Call, supra note 3 (remarks of Craig Donohue, Chief Executive Officer, in response to a question from Alexander Blostein, Goldman Sachs Group, Inc.,

More broadly, we are concerned about the precedent in which each of the major listed options exchange groups develops or expands its own captive, vertically integrated clearing capability for its own proprietary or semi-proprietary products. The result would be a market structure organized around a set of non-fungible product silos, each cleared exclusively by its sponsoring exchange group's own affiliated clearing agency, rather than the single clearing utility model that has long allowed market participants to net risk, achieve capital efficiencies, and access liquidity across venues on a fungible basis. We do not believe that outcome would serve investors, and the Commission should weigh this Application with that longer-term structural risk in mind.

III. The Commission Should Consider the Capital Costs and Risks of a More Fragmented Clearing Structure

Relatedly, we note that the number of firms capable of serving as clearing members in the listed options market is already relatively limited, reflecting the substantial capital, operational, and risk management infrastructure that membership requires. These clearing members already carry a disproportionate share of clearing volume and default fund exposure, a concentration that market participants and regulators have separately identified as a source of strain on the existing system.[13] That concentration in part reflects the high fixed costs associated with clearing membership, including capital contributions to guaranty funds, margin funding capacity, and the operational build-out necessary to support real-time risk monitoring and settlement across a clearing agency's membership base.

A more fragmented clearing structure would add to the costs of clearing membership, and the costs borne by the market participants who rely on it, in at least three respects. First, because CCUS sets its own fee schedule as a CGM affiliate, the Commission should also examine whether those fees reflect arm's length pricing, given CCUS's position as sole clearing provider for its own products. Second, positions cleared at separate, non-fungible clearing agencies cannot be margined on a combined portfolio basis. A clearing member holding offsetting or correlated positions across CCUS and OCC, for example, would be required to post margin separately for each, rather than benefitting from the netting and portfolio margining efficiencies available when related positions are cleared through a single venue. This bifurcation increases the aggregate margin clearing members must fund without any corresponding reduction in the market's overall risk. Third, the loss of portfolio margining benefits extends to market participants as well. A market participant holding economically offsetting positions across two venues would lose the benefit of that offset and would bear the resulting margin increase.

Aside from these increased costs, an additional clearing agency introduces structural risk into the options ecosystem. Routing new product categories through exchange-affiliated clearing agencies departs from OCC's decades-tested operational and risk-management infrastructure in favor of

Research Division) (describing a belief in "the value of the huge network effects" in "all-to-all exchange and centrally cleared markets," and stating a preference for "open all-to-all market structure" over "closed silo systems").

[13] *See* Bernard Goyder, US Options Market Grapples With 'Concentration Risk' in Clearing, Bloomberg (Nov. 30, 2025) (reporting that the top five members of the Options Clearing Corporation contributed almost half of its default fund in the second quarter of 2025, and quoting Craig Donohue, Chief Executive Officer of Cboe Global Markets, Inc., stating "there is significant concentration risk in clearing intermediation").

less-proven systems, creating operational risk that an established, industry-utility clearing agency does not present.

We would encourage the Commission to weigh this cumulative, market-wide capital cost and risk alongside each application's individual risk profile, as it evaluates this and any future applications of a similar kind.

We appreciate the Commission's consideration of these comments. Please contact Joanna Mallers, at jmallers@ptgmarkets.org with any questions or to discuss further.

Sincerely,

PTG

Joanna Mallers
Secretary

cc: Paul S. Atkins, Chairman
Hester M. Peirce, Commissioner
Mark T. Uyeda, Commissioner