

**September 17, 2025**

**SUBMITTED VIA CFTC PORTAL**

Secretary of the Commission  
Office of the Secretariat  
U.S. Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**Re: Aristotle Exchange, LLC – Advance Program Certification under CEA Section 5c(c) and CFTC Regulation 40.6(a)**

Dear Sir or Madam:

Pursuant to Section 5c(c) of the Commodity Exchange Act (the “Act”) and Commission Regulation 40.6(a), Aristotle Exchange, LLC (“Aristotle” or the “Exchange”), a designated contract market, hereby certifies amendments to implement the Advance Program described below. The Exchange intends to implement the Program on or about October 15, 2025.

The Exchange believes the Program is fully consistent with the Act and the Commission’s regulations, including the Core Principles applicable to designated contract markets. The Exchange is not aware of any substantive opposing views regarding this submission.

## **ADVANCE PROGRAM DESCRIPTION AND PURPOSE**

The Advance Program (“Program”) is designed to reduce the operational friction between the moment a participant initiates a deposit and the point at which those funds become available for trading. In retail financial markets, delays in funding can create a disproportionate barrier to participation. In practice, participants often decide to deposit funds at the same time they intend to place a trade. When access to those funds is delayed for multiple days due to ACH settlement cycles, the opportunity that motivated the deposit may no longer exist, and reducing access to markets.

The effect is particularly acute where a participant seeks to establish or reduce exposure in response to a time-sensitive risk event. A multi-day delay in accessing deposited funds may prevent a participant from obtaining a targeted market exposure or otherwise frustrate their ability to interact with prevailing market conditions. This in turn denies the market the natural supply or demand input, reducing both liquidity and price discovery.

By permitting participants to access up to \$1,000 of new deposits immediately, subject to strict caps and full collateralization, the Program eliminates this unnecessary lag. The Program is to allow participants to carry out decisions they have already made without being impaired by external banking timelines, whose post-ACH settlement process is often times largely perfunctory.

Similar programs have been implemented by other designated contract markets and have been reviewed and accepted by the Commission. Aristotle's Program follows this established model, while reflecting its own parameters and controls, ensuring that participants on Aristotle's markets have access to the same efficiencies and protections available in comparable markets.

In this way, the Program improves liquidity, efficiency, and access to the Exchange while maintaining full collateralization and preserving the integrity of the clearing process.

## **PROGRAM PARAMETERS**

### **Advance Limit**

- Advances are capped at \$1,000 per participant, calculated on an aggregate basis.

### **Exchange Discretion**

- The Exchange may reduce the \$1,000 advance limit, suspend issuance of advances, or discontinue the Program at any time, including in response to market conditions, operational considerations, or internal risk assessments.

### **Advance Duration**

- Advances expire if the corresponding deposit does not settle within five (5) business days, subject to limited discretionary extensions under Exchange procedures (not exceeding ten (10) business days in total).

### **Eligibility**

- Participants must be in good standing, not in violation of Exchange rules, and free of account restrictions.
- Deposit-level eligibility is confirmed through objective, automated checks at the time of deposit.

### **Default and Suspension**

- If an advance is not repaid through settlement, the Exchange will debit the participant's account to restore Exchange capital.
- If insufficient funds remain, the account may be suspended and/or limited in participation until repayment occurs.
- If unresolved within the cure period, the participant may be declared in default and positions liquidated, with proceeds first applied to restore Exchange capital and any remainder returned to the participant.

## **No Withdrawal While Advance Outstanding**

- Participants may not withdraw funds while an advance remains outstanding.

## **Uniform Application**

- Program terms apply equally to all participants that satisfy eligibility requirements.
- No participant may obtain preferential treatment or higher limits.

## **COMPLIANCE WITH CORE PRINCIPLES**

### **Core Principle 4 – Prevention of Market Disruption**

The Program is subject to strict limits on provisional credit, automated cutoffs tied to available Exchange capital, and continued application of pre-trade collateral checks. These controls ensure that participants remain fully at risk for their activity and cannot use advances to create artificial or unsupported exposure. By maintaining caps and subjecting Exchange-funded advances to the same pre-trade collateralization controls as settled funds, the Program avoids incentivizing disorderly trading that could otherwise undermine market integrity.

### **Core Principle 7 – Availability of General Information**

The terms of the Program — including eligibility, advance limits, duration, and default procedures — will be posted on the Exchange’s website. Clear and transparent communication ensures that participants are fully informed of rights and obligations before using the Program.

### **Core Principle 9 – Execution of Transactions/Impartial Access**

The Program is available to all participants in good standing and applies the same advance limits, duration, and default rules uniformly. Eligibility is determined at the time of deposit through automated, objective criteria applied by integrated payment processors. The Exchange does not impose any discretionary filters, and Program terms apply equally to all eligible participants. By ensuring that advances are uniformly available, the Program promotes impartial access and supports a competitive, open, and efficient market.

## **Core Principle 11 – Financial Integrity of Transactions**

All trades remain fully collateralized. Advances are funded exclusively with Exchange capital, maintained in a designated account sized to exceed anticipated Program activity, and transferred into the Exchange's customer funds account at its custodian before use. Because the Program does not introduce a new technology layer, existing pre-trade controls continue to operate without modification, applying uniformly to every transaction. By subjecting Exchange-funded advances to the same pre-trade collateralization controls as settled funds, the Program ensures that no trade can be executed unless sufficient funds are verified as collateral for the participant's transaction.

## **Core Principle 12 – Protection of Markets and Market Participants**

The Program's suspension and default procedures isolate the risk of failed deposits to the initiating participant. If an advance is not repaid through settlement, the Exchange debits the participant's account to restore Exchange capital. Where balances are insufficient, the participant's account may be suspended and/or subject to limitations on participation. If repayment is not made within the applicable cure period, the participant may be declared in default and positions liquidated, with proceeds first applied to restore Exchange capital and any remainder returned to the participant. These measures help to contain risks to the initiating participant and limit the impact on other participants, or the market as a whole.

## **Core Principle 21 – Financial Resources**

The Program is supported exclusively with Exchange capital held in a designated account funded at levels set deliberately above expected Program usage, based on projected deposit volumes plus an excess to absorb unexpected spikes in demand. Advances automatically cease if available Exchange funds fall below the level required to support additional advances, ensuring that provisional credit is never extended beyond actual Exchange capital.

In addition, and independent of this Program, the Exchange maintains a separate Exchange-funded account to address potential ACH reversals, capitalized using historical deposit activity with an additional percentage buffer.

The Exchange retains full discretion to reduce advance limits or discontinue the Program at any time, including in response to market conditions or internal risk assessments. Together, these measures ensure the Program is fully supported without reliance on customer funds and that the Exchange maintains sufficient financial capacity to absorb potential losses while preserving the integrity of participant funds.

## **CONCLUSION**

Aristotle Exchange certifies that the Advance Program complies with the requirements of the Commodity Exchange Act and the Commission's regulations, including the Core Principles applicable to designated contract markets.

The Exchange will post a clean copy of the Program description on its website prior to the Program becoming available to participants for trading and will provide the Commission with the web address promptly upon posting.

**Please direct any questions regarding this submission to:**

Nick Thompson  
Chief Regulatory Officer  
Aristotle Exchange  
Nick.thompson@aristotle.com