

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 20-021

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): January 13, 2020 Filing Description: Modifications to the FX Options Liquidity Enhancement Program

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers: Not Applicable

**New Product**

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

Official Product Name:

**Product Terms and Conditions (product related Rules and Rule Amendments)**

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected:

Rule Numbers:



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

January 13, 2020

**VIA ELECTRONIC PORTAL**

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

**RE: Modifications to the FX Options Liquidity Enhancement Program  
CME Submission No. 20-021**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to modify the FX Options Liquidity Enhancement Program ("Program"). The modifications to the Program will become effective on February 1, 2020.

Exhibit 1 sets forth the terms of this Program. Modifications appear below, with additions underlined and deletions ~~overstruck~~.

CME reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, CME staff identified the following Core Principles as potentially being impacted: Monitoring of Trading, Execution of Transactions, Protection of Market Participants, Compliance with Rules, and Recordkeeping.

The Program does not impact the Exchange's ability to perform its trade practice and market surveillance obligations under the CEA. Exchange staff will monitor trading in the Program's products in order to prevent manipulative trading and market abuse. Additionally, the Exchange has implemented systems to track Program participants' volume to ensure proper distribution of earned incentives. The Program does not impact the Exchange's order execution. Participants in the Program will be selected by CME staff using criteria as set forth in Exhibit 1. Chapter 4 of the Exchange rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must execute a contractual agreement with CME in which each participant will expressly agree to comply with, and be subject to, applicable regulations and Exchange rules. Additionally, the Program is subject to the Exchange's record retention policies, which comply with the CEA.

CME certifies that the Program complies with the CEA and the regulations thereunder. There were no substantive opposing views to this Program.

The Exchange certifies that this submission has been concurrently posted on the Exchange's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you require any additional information regarding this submission, please e-mail [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com) or contact Rachel Johnson at 312-466-4393 or via e-mail at [Rachel.Johnson@cmegroup.com](mailto:Rachel.Johnson@cmegroup.com). Please reference our CME Submission No. 20-021 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Enclosure: Exhibit 1

# EXHIBIT 1

## FX Options Liquidity Enhancement Program

### **Program Purpose**

The purpose of this Program is to incentivize participants to build electronic liquidity and volume in foreign exchange (“FX”) options products. More liquid contracts on the central limit order book benefit all participants in the marketplace.

### **Product Scope**

All FX options traded on the CME Globex® Platform or via block transactions (“Products”).

### **Eligible Participants**

There is no limit to the number of participants that may participate in the Program. Participants may be CME members or non-members.

### **Program Term**

Start date is January 1, 2018. End date is ~~January 31, 2020~~ January 31, 2021.

### **Hours**

N/A

### **Obligations**

In order to be eligible to receive the Program incentives, participants must respond to request-for-quotes or meet certain minimum stream quoting obligations in the Products.

### **Incentives**

Upon satisfying the Program obligations, as determined by the Exchange, participants may be eligible to receive predetermined incentives.

### **Monitoring and Termination of Status**

The Exchange shall monitor trading activity and participants’ performance and shall retain the right to revoke participant status if it concludes from review that a participant has failed to meet the obligations of the Program.