

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 23-025

Organization: The Board of Trade of the City of Chicago, Inc. ("CBOT")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): January 13, 2023 Filing Description: Modifications to the Micro Treasury Yield Futures Market Maker Program

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- |                                     |                                     |            |
|-------------------------------------|-------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification                       | § 40.6(a)  |
| <input type="checkbox"/>            | Approval                            | § 40.5(a)  |
| <input type="checkbox"/>            | Notification                        | § 40.6(d)  |
| <input type="checkbox"/>            | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/>            | SIDCO Emergency Rule Change         | § 40.10(h) |

Rule Numbers: **Not Applicable**

**New Product**

Please note only ONE product per Submission.

- |                          |                                       |            |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification                         | § 40.2(a)  |
| <input type="checkbox"/> | Certification Security Futures        | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class              | § 40.2(d)  |
| <input type="checkbox"/> | Approval                              | § 40.3(a)  |
| <input type="checkbox"/> | Approval Security Futures             | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission                       | § 39.5     |

**Official Product Name:**

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

- |                          |   |                      |
|--------------------------|---|----------------------|
| <input type="checkbox"/> | Certification   | § 40.6(a)            |
| <input type="checkbox"/> | Certification Made Available to Trade Determination     | § 40.6(a)            |
| <input type="checkbox"/> | Certification Security Futures                          | § 41.24(a)           |
| <input type="checkbox"/> | Delisting (No Open Interest)                            | § 40.6(a)            |
| <input type="checkbox"/> | Approval  | § 40.5(a)            |
| <input type="checkbox"/> | Approval Made Available to Trade Determination          | § 40.5(a)            |
| <input type="checkbox"/> | Approval Security Futures                               | § 41.24(c)           |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | “Non-Material Agricultural Rule Change”                 | § 40.4(b)(5)         |
| <input type="checkbox"/> | 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, 2023

**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 Micro Treasury Yield Futures Market Maker Program  
CBOT Submission No. 23-025**

Dear Mr. Kirkpatrick:

The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to modify the Micro Treasury Yield Futures Market Maker Program ("Program"). The modifications to the Program will become effective on February 1, 2023.

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

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

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

CBOT 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 CBOT Submission No. 23-025 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## Micro Treasury Yield Futures Market Maker Program

### Program Purpose

The purpose of the Program is to support the development of the products listed below. A more liquid contract on the central limit order book benefits all participants in the market.

### Product Scope

Micro 2-Year Yield Futures (“2YY”), Micro 5-Year Yield Futures (“5YY”), Micro 10-Year Yield Futures (“10Y”), and Micro 30-Year Yield Futures (“30Y”) traded on Globex (“Products”).

### Eligible Participants

There is no limit to the number of participants that may participate in the Program. Participants must be CBOT members.

### Program Term

Start date is August 16, 2021. End date is ~~January 31, 2023~~ July 31, 2023.

### Hours

RTH (7:00AM – 4:00PM Chicago Time) and ETH (5:00PM – 7:00AM).

### Obligations

*Minimum Quoting Obligations:* In order to be eligible to receive incentives, participants must quote two-sided markets in the Products in accordance with the following table. Participants may choose to quote any or all Tiers set forth below.

Tier	Tenor	Product Code	Maximum Width (bps)	Minimum Size	Time-in-Market
1	2-Year – 10-Year Inter-Commodity Spread	10Y - 2YY	0.5	<del>50</del> <u>10</u>	65% of RTH
1	5-Year – 10-Year Inter-Commodity Spread	10Y - 5YY	0.5	<del>50</del> <u>10</u>	65% of RTH
1	10-Year	10Y	0.5	<del>50</del> <u>10</u>	65% of RTH
1	30-Year – 10-Year Inter-Commodity Spread	30Y - 10Y	0.5	<del>50</del> <u>10</u>	65% of RTH
2	2-Year – 10-Year Inter-Commodity Spread	10Y - 2YY	0.3	100	65% of RTH

2	<u>5-Year – 10-Year Inter-Commodity Spread</u>	<u>10Y-5YY</u>	0.3	100	65% of RTH
2	10-Year Outright	10Y	0.3	<del>200</del> <u>150</u>	65% of RTH
2	<u>30-Year – 10-Year Inter-Commodity Spread</u>	<u>30Y-10Y</u>	0.3	100	65% of RTH
<u>3</u>	<u>10-Year Outright</u>	<u>10Y</u>	<u>0.3</u>	<u>250</u>	<u>65% of RTH</u>
ETH	<u>2-Year – 10-Year Inter-Commodity Spread</u>	<u>10Y-2YY</u>	2.0	5	75% of ETH
ETH	<u>5-Year – 10-Year Inter-Commodity Spread</u>	<u>10Y-5YY</u>	2.0	5	75% of ETH
ETH	10-Year	10Y	2.0	5	75% of ETH
ETH	<u>30-Year – 10-Year Inter-Commodity Spread</u>	<u>30Y-10Y</u>	2.0	5	75% of ETH

**Extreme Events Clause:** If 10-Year CME Group Volatility Index (CVOL) is 115 or greater for at least three (3) days in a given calendar month, the obligations below may be implemented. Participants will be given notice that the Extreme Events Clause has taken effect.

- (i) Width: Increased by 2X

**Holiday Quoting Schedule:** There will be no quoting obligations on the dates listed below. The Holiday Quoting Schedule may be adjusted by the Exchange. Participants will be given notice of any adjustments to the Holiday Quoting Schedule.

Date	Holiday
<u>9/5/2022</u>	<u>Labor Day</u>
<u>10/10/2022</u>	<u>Columbus Day</u>
<u>11/11/2022</u>	<u>Veteran's Day</u>
<u>11/24/2022</u>	<u>Thanksgiving</u>
<u>11/25/2022</u>	<u>Thanksgiving (Observed)</u>
<u>12/26/2022</u>	<u>Christmas (Observed)</u>
<u>1/2/2023</u>	<u>New Year's (Observed)</u>
<u>1/16/2023</u>	<u>Birthday of Dr. Martin Luther King, Jr.</u>
<u>2/20/2023</u>	<u>Presidents' Day</u>
<u>4/7/2023</u>	<u>Good Friday</u>
<u>5/29/2023</u>	<u>Memorial Day</u>
<u>6/19/2023</u>	<u>Juneteenth</u>
<u>7/4/2023</u>	<u>Independence Day</u>

### **Incentives**

**10Y Fee Waivers:** Upon meeting the Tier 1 obligations for a given the Product, as determined by the Exchange, participants will receive fee waivers for Globex volume in the applicable Product.

2YY Fee Waivers: Upon meeting the Tier 1 obligations for the 10Y-2YY Product, as determined by the Exchange, participants will receive fee waivers for Globex volume in the 2YY Product.

5YY Fee Waivers: Upon meeting the Tier 1 obligations for the 10Y-5YY Product, as determined by the Exchange, participants will receive fee waivers for Globex volume in the 5YY Product.

30Y Fee Waivers: Upon meeting the Tier 1 obligations for the 30Y-10Y Product, as determined by the Exchange, participants will receive fee waivers for Globex volume in the 30Y Product.

Fee Credits: Upon meeting the Tier 2 obligations for a given Product, as determined by the Exchange, participants will receive a ~~\$0.50~~ fee credit per side traded in the applicable Product. Participants also meeting the Tier ETH obligations for a given Product, as determined by the Exchange, will receive an additional ~~\$0.50~~ fee credit per side traded in the applicable Product. Fee credits will be subject to a the monthly caps of \$25,000, as set forth in the table below.

Tenor	Product Code	Incentive
2-Year	2YY	Tier 2: \$0.50 fee credit Tier ETH: \$1.00 fee credit (inclusive of Tier 2 fee credit)  Capped at \$5,000 per month
5-Year	5YY	Tier 2: \$0.50 fee credit Tier ETH: \$1.00 fee credit (inclusive of Tier 2 fee credit)  Capped at \$5,000 per month
10-Year	10Y	Tier 2: <del>\$0.50</del> \$0.25 fee credit Tier ETH: <del>\$1.00</del> \$0.50 fee credit (inclusive of Tier 2 fee credit)  Capped at <del>\$10,000</del> \$20,000 per month
30-Year	30Y	Tier 2: \$0.50 fee credit Tier ETH: \$1.00 fee credit (inclusive of Tier 2 fee credit)  Capped at \$5,000 per month

Tier 3 10-Year Outright Monthly Stipend: Upon meeting the Tier 3 obligations, as determined by the Exchange, participants will receive a stipend of \$4,000.

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

The Exchange shall retain the right to revoke participant status if it concludes from review that a participant no longer meets the eligibility requirements or fails to meet the obligations of the Program.

If the Exchange determines that a participant has not met its quoting obligations during a calendar month over the course of the Program but is within twenty percent (20%) of the time-in-market obligations, the participant will be eligible to receive the incentives for that applicable month. Participants will receive one (1) such leniency for each enrolled Tenor.

If the Exchange determines that a participant has not met its quoting obligations during an additional calendar month, the participant will be eligible to receive incentives for that applicable month, with the exception of that month's Stipend. Participants will receive one (1) such leniency for each enrolled Tenor.

Participants must meet quoting obligations for all subsequent months in order to continue to receive the incentives.

Upon utilizing the exceptions set forth above, participants that fail to meet quoting obligations in any additional month may be removed from the Program.