

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 18-152

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): April 5, 2018 Filing Description: Implementation of the Secured Overnight Financing Rate ("SOFR") Futures Market Maker Program

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: N/A

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:

April 5, 2018

VIA ELECTRONIC PORTAL

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

**RE: Implementation of the Secured Overnight Financing Rate (“SOFR”) Futures Market
Maker Program
CME Submission No. 18-152**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) hereby notifies the Commodity Futures Trading Commission (“CFTC” or “Commission”) of plans to implement the SOFR Futures Market Maker Program (“Program”). The Program will become effective on May 7, 2018.

Exhibit 1 sets forth the terms of this Program.

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 will 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 all market participants that trade 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 CME 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 CME rules. The Program is subject to the Exchange’s record retention policies which comply with the CEA.

CME certifies that this 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 or contact Rachel Johnson at 312-466-4393 or via e-mail at Rachel.Johnson@cmegroup.com. Please reference our CME Submission No. 18-152 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

SOFR 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

Three-Month SOFR Futures (“SR3”) and One-Month SOFR Futures (“SR1”) that are traded on the CME Globex Platform (“Products”).

Eligible Participants

There is no limit to the number of participants that may participate in the Program. Participants must be CME members. Participants must either: (i) have an average daily volume (“ADV”) of 5,000 sides in short-term interest rate futures products combined over the previous three (3) full calendar months, or (ii) be currently participating in an existing interest rate products market maker program.

Hours

7:00AM – 4:00PM CST (“RTH”).

Program Term

Start date is May 7, 2018. End date is June 30, 2019.

Obligations

Minimum Quoting Obligations: In order to be eligible to receive the Program incentives, participants must quote continuous two-sided markets in the Products at maximum bid/ask spreads and minimum quote sizes during 65% of RTH each month. Participants must select and comply with two (2) sets of obligations in accordance with the baseline quoting obligations set forth in the tables below.

Bucket 1: SOFR 1-Month Outrights

| Month | Max Spread Width (Ticks) | Max Spread Width (\$) | Min Quantity |
|---------|--------------------------|-----------------------|--------------|
| Month 2 | 1.0 | 41.67 | 25 |
| Month 3 | 1.0 | 41.67 | 25 |
| Month 4 | 1.0 | 41.67 | 25 |
| Month 5 | 1.0 | 41.67 | 25 |

Bucket 2: SOFR 1-Month ICS vs. Fed Fund Futures

| Month | Max Spread Width (Ticks) | Max Spread Width (\$) | Min Quantity |
|-------------|--------------------------|-----------------------|--------------|
| Month 2 ICS | 1.0 | 41.67 | 150 |

| | | | |
|-------------|-----|-------|-----|
| Month 3 ICS | 1.0 | 41.67 | 150 |
| Month 4 ICS | 1.0 | 41.67 | 150 |
| Month 5 ICS | 1.0 | 41.67 | 150 |

Bucket 3: SOFR 3-Month Outrights

| Quarter | Max Spread Width (Ticks) | Max Spread Width (\$) | Min Quantity |
|-----------|--------------------------|-----------------------|--------------|
| Quarter 2 | 1.0 | 25.00 | 25 |
| Quarter 3 | 1.0 | 25.00 | 25 |
| Quarter 4 | 1.0 | 25.00 | 25 |
| Quarter 5 | 1.0 | 25.00 | 25 |

Bucket 4: SOFR 3-Month ICS vs. Eurodollar Futures

| Quarter | Max Spread Width (Ticks) | Max Spread Width (\$) | Min Quantity |
|---------------|--------------------------|-----------------------|--------------|
| Quarter 2 ICS | 1.0 | 25.00 | 150 |
| Quarter 3 ICS | 1.0 | 25.00 | 150 |
| Quarter 4 ICS | 1.0 | 25.00 | 150 |
| Quarter 5 ICS | 1.0 | 25.00 | 150 |

Bucket 5: SOFR 3-Month Calendar Spreads

| Quarters | Max Spread Width (Ticks) | Max Spread Width (\$) | Min Quantity |
|---------------|--------------------------|-----------------------|--------------|
| Quarters 5-6 | 1.0 | 25.00 | 150 |
| Quarters 6-7 | 1.0 | 25.00 | 150 |
| Quarters 7-8 | 1.0 | 25.00 | 150 |
| Quarters 8-9 | 1.0 | 25.00 | 150 |
| Quarters 9-10 | 1.0 | 25.00 | 150 |

Holiday Quoting Schedule: There will be no quoting obligations on Saturdays, Sundays, or 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 | Quoting Obligation |
|------------|----------------------------------|--------------------|
| 5/28/2018 | Memorial Day | None |
| 7/4/2018 | Independence Day | None |
| 9/3/2018 | Labor Day | None |
| 10/8/2018 | Columbus Day | None |
| 11/12/2018 | Veterans Day | None |
| 11/22/2018 | Thanksgiving | None |
| 11/23/2018 | Thanksgiving | None |
| 12/24/2018 | Christmas Eve | None |
| 12/25/2018 | Christmas | None |
| 1/1/2019 | New Year's Day | None |
| 1/21/2019 | Martin Luther King, Jr. Birthday | None |
| 2/19/2019 | President's Day | None |
| 4/19/2019 | Good Friday | None |
| 5/27/2019 | Memorial Day | None |

Incentives

Fee Waivers: Upon meeting all Program obligations, as determined by the Exchange, participants will receive fee waivers in the Products.

Quoting Stipend: Upon meeting all Program obligations, as determined by the Exchange, participants will receive a stipend of \$20,000 for the month of May 2018. In order to be eligible to receive a quoting stipend of \$15,000 per month for the months of June and July 2018, participants must meet all Program obligations and rank in the top four (4) by volume in the Products.

Fee Credits: Upon meeting all Program obligations, as determined by the Exchange, participants will receive a \$0.30 fee credit per side traded in SOFR futures outright and spreads products on Globex. The fee credits will be capped at \$25,000 per month per participant.

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 or eligibility requirements of the Program.

If the Exchange determines that a participant has not met its quoting obligations during any two (2) calendar months 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 each applicable month.

If the Exchange determines that a participant has not met its quoting obligations during one (1) additional calendar month, the participant will be eligible to receive the incentives for that applicable month. Participants must meet quoting obligations for all subsequent months in order to continue to receive the Program 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.