

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 21-170 (4 of 4)

**Organization:** Commodity Exchange, Inc. ("COMEX")

**Filing as a:**  DCM  SEF  DCO  SDR

**Please note - only ONE choice allowed.**

**Filing Date (mm/dd/yy):** 04/09/21 **Filing Description:** Amendments to the CME Globex Messaging Policy

**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:** See filing.

**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     |

**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 9, 2021

**VIA ELECTRONIC PORTAL**

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

**Re: CFTC Regulation 40.6(a) Certification. Amendments to the CME Globex  
Messaging Policy.  
COMEX Submission No. 20-170 (4 of 4)**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME”), The Board of Trade of the City of Chicago, Inc. (“CBOT”), New York Mercantile Exchange, Inc. (“NYMEX”), and Commodity Exchange, Inc. (“COMEX”) (collectively, the “Exchanges”) are certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) amendments to the CME Globex Messaging Policy (the “Policy”) effective on Monday, May 3, 2021.

The Policy is designed to support efficient market operations and foster high quality, liquid markets by encouraging responsible and reasonable messaging practices by participants accessing the CME Group Exchanges. The Exchanges are implementing administrative amendments to the Policy to harmonize references to CME Globex Terminal Operators and the way that such parties are to be identified to the Exchange by replacing references to Tag 50 ID with “Operator ID” (collectively, the “Rule Amendments”).

Exhibit A below provides the Rule Amendments to the Policy with additions **underscored** and deletions ~~struck through~~.

The Exchanges reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Rule Amendments may have some bearing on the following Core Principle:

- **Protection of Market Participants:** The Exchanges designed the Policy to ensure that all market participants have the opportunity to trade on a fair and equitable contract market. If the Policy, and related standards, were not in place, high volume, poor quality messages by a small segment of the marketplace may negatively affect the performance of the Exchanges’ electronic central limit order book. This, in turn, could impact the ability of other market participants to access the CME Group Exchanges which may negatively impact the compliance of the Exchanges with this Core Principle. The Rule Amendments to the Policy are administrative in nature.
- **Availability of General Information:** The Exchanges will disseminate a notice to the marketplace regarding the Rule Amendments. The notice and the amended Policy will also be available on the CME Group website.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6, the Exchanges certify that the Rule Amendments comply with the Act, including the regulations under the Act. There were no substantive opposing views to the proposal.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchanges hereby certify that the Rule Amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to the Rule Amendments.

The Exchanges certify that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A – CME Globex Messaging Policy (blackline format)

## **EXHIBIT A**

### **CME Globex Messaging Policy**

(additions **underscoring**; deletions ~~struck through~~)

#### **Application and Explanation of Policy**

The CME Globex Messaging Policy (“Policy”) is designed to support efficient market operations and foster high quality, liquid markets by encouraging responsible and reasonable messaging practices by market participants. The Policy will be administered at a market participant level that CME Group will determine in its reasonable discretion, including but not limited to executing firm, iLink session, account or **Operator ID** (~~Tag 50~~). Further, CME Group may aggregate executing firms and/or participants for purposes of determining whether a Product Group Benchmark has been exceeded in circumstances where a single entity is submitting messages via more than one executing firm number.

#### **Messaging Scores and Volume Ratio**

Pursuant to this policy, CME Group will measure the ratio between a market participant’s messaging score and its traded volume in a particular product group. Messaging scores are calculated by assigning pre-defined factors to different order types (new orders, order modifications etc.) and then multiplying each market participant’s raw messaging score by the pre-defined factors for the various messaging types submitted. For example, if order modifications were assigned a pre-defined factor of 1 and an Executing Firm had 4 order modifications their messaging score would be 4. Once the messaging score has been calculated it will be divided by the market participant’s traded volume in a product group to obtain the market participant’s volume ratio (“Volume Ratio”). The Volume Ratio will then be compared to the messaging benchmarks for each product (“Product Group Benchmarks”) to determine whether the market participant’s is in compliance with the CME Globex Messaging Efficiency Program.

#### **Product Group Benchmarks**

Each quarter, CME Group will determine the Product Group Benchmark for a given product group based on observed performance over several time periods and the business needs of the market. These Product Group Benchmarks will generally be established and announced each quarter unless business circumstances demand that they be changed more frequently. When making the Product Group Benchmark calculation, CME Group may also add a product group specific variation factor to accommodate the unique dynamics of each individual market and to support enhanced liquidity. Updated Product Group Benchmarks are included in the CME Group Messaging Efficiency Program Benchmarks document (“Messaging Efficiency Document”) which is posted on the CME Group website.

#### **General Exceptions**

CME Group may except certain market participants from the Volume Ratio standards due to, among other things, low daily messaging volume, extreme market conditions, monthly Volume Ratios below the applicable Product Group Benchmark and market maker or liquidity provider status. The types of exceptions available are included in the Messaging Efficiency Document on the CME Group website.

### **Reports and Technology Surcharges**

Reports on messaging activity and trading volume will generally be provided by CME Group on a T+1 (trade date + plus one business day) basis for market participant activity. Market Participants with daily Volume Ratios in excess of the Product Group Benchmarks may be subject to reasonable, daily technology surcharges at a product group level, or any other action as determined by CME Group in its reasonable discretion.

CME Group has established a process whereby market participants may request reconsideration of their surcharges. During the reconsideration period, CME Group staff will review the cause of the violation potential surcharge and may waive surcharges for any of the following reasons:

- i) Significant change in product volatility attributed to changes to market dynamics or systemic events;
- ii) Multiple executing firm numbers held by one Executing Firm when combined result in non-violation (Executing Firm number aggregation)
- iii) Market participants are actively working with CME Group staff on ways to become more efficient and have taken appropriate corrective actions.

The foregoing reasons to grant a surcharge waiver are applied in a consistent manner across all market participants.