

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 22-115

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 04/14/22 Filing Description: Amendments to AON-Eligibility, Inter-association Trading Restrictions and Issuance of CME Market Regulation Advisory Notices RA2201-2 and RA2202-2

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: 515. & 523.

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:

April 14, 2022

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 AON-eligibility, Inter-Association Trading Restrictions and Issuance of CME Market Regulation Advisory Notices RA2201-2 and RA2202-2.
CME Submission No. 22-115**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), Chicago Mercantile Exchange Inc. (“CME” or the “Exchange”) hereby certifies to the Commission amendments to contracts eligible for All-or-None (“AON”) trading pursuant to CME Rule 523. (“All-or-None Transactions”), amendments to contracts subject to intra-association trading restrictions pursuant to CME Rule 515.E. (“Trading Restrictions”) and the related issuance of CME Market Regulation Advisory Notices RA2201-2 (“RA2201-2”) and RA2202-2 (“RA2202-2”) (collectively, the “Rule Amendments”) effective on trade date Monday, May 2, 2022.

An AON order, pursuant to CME Rule 523., is an order that meets or exceeds an exchange-specified minimum quantity that can be executed only for its entire quantity and only at a single price via open outcry on the trading floor. AON orders are currently permitted solely in CME Eurodollar options and Eurodollar MidCurve options. Effective on trade date Monday, May 2, 2022, the Exchange will permit AON orders in Options on Three-Month SOFR Futures, Options on One-Month SOFR Futures and all Options on Three-Month Eurodollar Futures executed in the open outcry market during Regular Trading Hours. AON bids, offers and requests for a market must be for a quantity equal to or in excess of 4,000 contracts for options on Three-Month Eurodollar futures, 1,000 contracts for options on Three-Month SOFR futures and 250 contracts for options on One-Month SOFR futures. The Exchange is issuing RA2201-2 to provide guidance to the marketplace on the regulatory requirements attendant to AON orders and execution. RA2201-2 is provided below in Exhibit A.

Currently, CME Rule 515.E. restricts intra-association trading among members of CME broker associations operating in Eurodollar options contracts. Effective on trade date Monday, May 2, 2022, the Exchange will also restrict intra-association trading among members of CME broker associations operating in SOFR options. As of that date, all contract months of Eurodollar options, Eurodollar MidCurve options, and SOFR options executed via open outcry between members of a single broker association will be restricted to 20% per month. The Exchange is issuing RA2202-2 to provide guidance to the marketplace on the regulatory requirements attendant to intra-association trading restrictions. RA2202-2 is provided below in Exhibit B.

The Exchange reviewed the designated contract market core principles (“DCM 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 Principles:

Compliance with Rules: RA2201-2 and RA2202-2 provide guidance to the marketplace on the regulatory requirements attendant to the Rule Amendments. This guidance is intended to assist market participants in remaining in compliance with Rule 515. And Rule 523. and is therefore in compliance with this Core Principle.

Availability of General Information: As required by this Core Principle, the Exchanges are publicly issuing RA2201-2 and RA2202-2 to ensure that market participants have updated guidance and information attendant to the amendments. RA2201-2 and RA2202-2 will also be available on the CME Group website.

Execution of Transactions: The Rule Amendments comply with CFTC Regulation 1.38 (Execution of transactions), which requires that all purchases and sales of any commodity for future delivery, and of any commodity option, on or subject to the rules of a contract market shall be executed openly and competitively by open outcry or posting of bids and offers or by other equally open and competitive methods, in the trading pit or ring or similar place provided by the contract market, during the regular hours prescribed by the contract market for trading in such commodity.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange certifies that the Rule Amendments comply with the Act and regulations thereunder. There were no substantive opposing views to this proposal.

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

If you require any additional information regarding this submission, please contact the undersigned at 212.299.2200 or via email at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: CME Market Regulation Advisory Notice RA2201-2
Exhibit B: CME Market Regulation Advisory Notice RA2202-2

EXHIBIT A
MARKET REGULATION ADVISORY NOTICE

Exchange	CME
Subject	All-or-None Transactions
Rule References	Rule 523
Advisory Date	April 18, 2022
Advisory Number	CME RA2201-2
Effective Date	May 2, 2022

Effective on trade date May 2, 2022, and pending all relevant CFTC regulatory review periods, this Market Regulation Advisory Notice will supersede CME Market Regulation Advisory Notice RA2104-2 from August 30, 2021. It is being issued enable All-or-None (“AON”) transactions for open outcry trading of Options on Three-Month SOFR Futures, Options on One-Month SOFR Futures and all Options on Three-Month Eurodollar Futures.

Market participants are reminded of the following:

- 1) AON trades may not, under any circumstances, be prearranged or otherwise involve prohibited pre-execution communications.**

Pursuant to Rule 539 (“Prearranged, Pre-negotiated and Noncompetitive Trades Prohibited”), the prearrangement of AON trades and pre-execution communications with respect to AON trades are strictly prohibited. As such, the only information that may be disclosed by any party with respect to an AON order is information that has been publicly exposed in the trading pit. Parties may not solicit potential counterparties to an AON order until the order has been openly bid or offered in the pit.

- 2) AON orders must be competitively and transparently executed in the open market by open outcry.**

All AON trades must be executed openly and competitively, without prearrangement. Bidding and offering practices must at all times be conducive to the competitive execution of trades, and members must ensure that the request for an AON market or the bid or offer for an AON order is clearly and transparently announced to the pit. Additionally, all AON bids and offers must include both quantity and price.

Additionally, in circumstances where a broker has both buy and sell AON orders for accounts with different beneficial ownership, the broker may only cross the orders pursuant to the cross procedures set forth in Rule 533 (“Simultaneous Buy and Sell Orders for Different Beneficial Owners”). Rule 533 requires the broker in these circumstances to bid and offer by open outcry the price and quantity of the AON orders three times. If neither the bid nor offer is accepted, the orders may be matched in the presence, and with the approval, of a designated Exchange official. It is incumbent upon a member handling simultaneous AON buy and sell orders to ensure that his bids and offers for the orders are announced clearly to the pit, and, if executed opposite each other, that the approval of the Exchange official is obtained contemporaneous with the execution of the orders.

Failure to comply with the aforementioned requirements will result in disciplinary action.

Market participants are strongly encouraged to review the FAQ to ensure an accurate understanding of the requirements for executing AON orders. The text of Rule 523 appears below, followed by the FAQ.

Rule 523 ALL-OR-NONE TRANSACTIONS

The Exchange shall determine the minimum thresholds for and the commodities in which All-or-None transactions shall be permitted. The following shall govern All-or-None trading:

1. A member may request an All-or-None bid and/or offer for a specified quantity at or in excess of the applicable minimum threshold. Such request shall be made in the pit designated for the trading of the particular transaction.
2. A member may respond by quoting an All-or-None bid or offer price. A bid or offer in response to an All-or-None request shall be made only when it is the best bid or offer in response to such request, but such price need not be in line with the bids and offers currently being quoted in the regular market.
3. A member shall not execute any order by means of an All-or-None transaction unless the order includes specific instructions to execute an All-or-None transaction or the All-or-None bid or offer is the best price available to satisfy the terms of the order.
4. An All-or-None bid or offer may be accepted by one or more members provided that the entire quantity of the All-or-None order is executed at a single price and that each counterparty to the order accepts a quantity at or in excess of the designated minimum counterparty threshold. Each order executed opposite an All-or-None order must be for a quantity that meets or exceeds the minimum counterparty threshold. Separate orders may not be bunched to meet the minimum counterparty threshold.
5. All-or-None transactions shall not set off conditional orders (e.g., Stop Orders and MIT Orders) or otherwise affect orders in the regular market.
6. All-or-None transactions must be reported to a designated Exchange official who shall record and publish the quantity and prices separately from reports of transactions in the regular market. The brokers executing All-or-None transactions must maintain a record of said transaction in accordance with Rule 536.

FAQ Related to CME Rule 523 All-or-None Transactions

Q1: What is an All-or-None (“AON”) Order?

A1: An AON order is an order that meets or exceeds an exchange-specified minimum quantity that can be executed only for its entire quantity and only at a single price. AON orders are permitted solely in Options on Three-Month SOFR Futures, Options on One-Month SOFR Futures and all Options on Three-Month Eurodollar Futures executed in the open outcry market during Regular Trading Hours.

Q2: What are the significant differences between AON transactions and other trades executed via open outcry?

- A2:
1. AON bids, offers and requests for a market must be for a quantity equal to or in excess of 4,000 contracts for options on Three-Month Eurodollar futures, 1,000 contracts for options on Three-Month SOFR futures and 250 contracts for options on One-Month SOFR futures. The contract minimum threshold applies to each leg of any spread or combination trade executed as an AON.
 2. Partial fills for an AON order are not permitted.
 3. The execution price of an AON order may be outside of the best bid/offer in the regular market.
 4. The price at which an AON order is executed does not elect conditional orders (e.g., stop orders, limit orders, MIT orders, etc.) in the regular market or otherwise affect such orders.

5. AON transactions are reported separately from transactions in the regular market in the Time and Sales record.

Q3: May an AON order be executed opposite more than one counterparty?

A3: Yes. An AON order may be executed opposite multiple counterparties provided that the order is filled in its entirety at a single price and each opposing party to the order receives 10% or more of the AON order's full quantity.

Q4: May a broker bunch separate orders to meet the counterparty minimum?

A4: No. *Each* order executed opposite an AON order must be for a quantity that meets or exceeds the minimum counterparty threshold.

Q5: What is the proper procedure for initiating an AON transaction in the pit?

A5: The initiator of the AON order may request an AON market for a specific quantity or make an AON bid/offer for a specific quantity and price. **Any requests for an AON market and all AON bids and offers must be made openly and clearly announced in the pit.**

A member may respond by quoting an AON bid and/or offer price and the quantity, at or above the designated counterparty minimum, that he is willing to trade. Brokers who have orders that independently meet the minimum counterparty quantity threshold may also bid/offer in response to a request for an AON market.

The individual representing the AON order must determine if the total quantity bid/offered is sufficient to satisfy the entire quantity of the AON order at a single price. If so, he will consummate the AON trade with the opposing market participants. Just as in the regular market, it is the broker's responsibility to allocate quantities if there is more than one opposing party.

Q6: May two AON orders be crossed?

A6: AON orders to buy and sell that are for different beneficial owners and are initiated **without prearrangement** may be competitively executed opposite each other in the open market. A single broker may directly cross two AON orders provided that the cross trade procedures set forth in Rule 533 ("Simultaneous Buy and Sell Orders for Different Beneficial Owners") are followed.

Additionally, a broker executing an AON order may not take the opposite side of the order, or any portion of the order, into his own account (or an account in which he has a direct or indirect financial interest or an account over which he has discretionary trading authority) unless the customer has provided prior written consent to waive the application of Rule 531.A. ("General Prohibition") and the broker complies with the cross trade procedures set forth in Rule 533.

Q7: May intra-commodity options spreads or options combinations be executed pursuant to Rule 523?

A7: Yes, provided that each leg of the spread meets the contract's minimum quantity requirement.

Q8: Are spreads involving Eurodollar options versus Eurodollar futures or SOFR options versus SOFR futures permitted to be executed as an AON?

A8: Yes, provided that at least one option leg of the spread order meets the 4,000 contract AON minimum order quantity and the quantity of the futures leg is the appropriate delta equivalent.

Questions regarding this Advisory Notice may be directed to one of the following individuals in Market Regulation:

Erin Middleton, Manager, Rules & Regulatory Outreach, 312.341.3286

Barry Schauer, Trading Floor Investigations Specialist, 312.341.7640

Daniel Schneider, Director, Investigations, 312.341.7251

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.

EXHIBIT B
MARKET REGULATION ADVISORY NOTICE

Exchange	CME
Subject	Registration and Identification of Broker Associations
Rule References	Rule 515
Advisory Date	April 18, 2022
Advisory Number	CME RA2202-2
Effective Date	May 2, 2022

Effective trade date May 2, 2022, and pending all relevant CFTC regulatory review periods, this Advisory Notice supersedes CME Market Regulation Advisory Notice RA2103-2 from August 30, 2021. It is being issued to notify CME members that all SOFR options contract months will be added to the list of contracts subject to the intra-association trading restrictions pursuant to CME Rule 515.E. (“Trading Restrictions”), on May 2, 2022.

All contract months of Eurodollar options, Eurodollar MidCurve options, and SOFR options (collectively, “Interest Rate options”) are subject to the intra-association trading restrictions pursuant to CME Rule 515.E. (“Trading Restrictions”);

The complete text of Rule 515 begins on page 2 of this Advisory Notice.

Interest Rate Options Trading Restrictions as of May 2, 2022

The intra-association trading restrictions among members of CME broker associations operating in Interest Rate options are set forth below.

Contract Months Subject to the Restrictions

All listed contract months from the first day of trading through the last day of trading.

Restrictions

Order executions in restricted contract months by members of a broker association opposite other members of the same broker association are limited to 20% per month.

Best and Only Bid and Offer Documentation

In circumstances where two members of the same broker association trade opposite one another in a contract month subject to the trading restrictions set forth above, and at the time the trade is executed one member is the best and only bid and the other member is the best and only offer, the quantity associated with the execution will be removed from each member’s monthly intra-association percentage restrictions **provided that all of the following requirements are met:**

1. A note is made on the trading document by one of the two members involved in the trade indicating that at the time the trade was executed, one member was the best and only bid and the other member was the best and only offer in the pit. Noting “B&O” on the trading document is sufficient for this purpose. That notation must be made contemporaneously with the trade being made.
2. The time of the trade to the nearest minute is recorded on the trading document containing the B&O notation.

3. A signature and a **legible** acronym of a member (or the signature of an Exchange official) attesting to the fact that the members were the best and only bid and best and only offer at the time the trade was made **must be** noted on the trading document. The signature and acronym of the member (or the signature of the Exchange official) must be obtained as soon as possible after the trade has been made. **Members executing the trade may request signatures only from members (or Exchange officials) who were present when the trade was made. Members signing such trading documents may do so only if they were present and can attest to the fact that the trade was a best and only bid and offer at the time it was made.** Members of the same broker association are not eligible to sign as a witness for this purpose.
4. Copies of the documentation are forwarded to the Market Regulation Department, marked to the attention of Jackie Cerven or Jeffrey Nierman.

Properly documented best and only bids and offers will be removed from each member's intra-association trading volume and total trade volume when calculating compliance with the applicable trading restrictions. If the removal of the volume associated with the best and only bids and offers results in the reduction of a member's intra-association trading percentage to a non-violative level, the member will not be deemed to have violated Rule 515.E.

Documentation that does not meet all the requirements set forth above will not be accepted by the Market Regulation Department.

Questions regarding this advisory may be directed to one of the following individuals in Market Regulation:

Jackie Cerven, Senior Data Investigator, at 312.872.5341

Jeffrey Nierman, Lead Data Investigator, at 312.341.3195.

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.

515. REGISTRATION AND IDENTIFICATION OF BROKER ASSOCIATIONS

515.A. Definitions

1. Floor Brokerage Activity - The execution or pre-execution handling of orders on the trading floor.
2. Broker Association - A broker association shall include the following associations between two or more members with trading floor access privileges, at least one of whom is engaged in floor brokerage activity:
 - a. Revenue Sharing Association: Associations between members who:
 - i. share profits or losses associated with their brokerage and/or error account activity; and/or
 - ii. have an employer and employee relationship which relates to floor brokerage activity;
 - b. Non-Revenue Sharing Association: Associations between members who:
 - i. regularly share a deck of orders; and/or
 - ii. share employee salary expenses.
 - c. Any other group or combination deemed by the Exchange to be a broker association.
3. Principal of a Revenue Sharing Association – Each individual who has formal or de facto control over the affairs of, or has a ten percent or greater ownership interest in, a Revenue Sharing Association not owned by a clearing member firm.
4. Spokesperson of a Non-Revenue Sharing Association and Revenue Sharing Associations owned by a clearing member firm – An individual authorized to represent a Non-Revenue Sharing Association or Clearing Firm owned Revenue Sharing Association in connection with its registration obligations set forth in Section B.

5. Investor – An individual who has a direct beneficial interest in a Revenue Sharing Association but is not a principal as defined in A.3. above.

515.B. Registration Requirements

1. A member of a broker association shall not handle or execute an order unless that association has registered with the Exchange.
2. Members or Member Firms must have majority ownership interest in any broker association.
3. Principals involved in floor brokerage activity must have trading privileges in the membership division required for access to the products handled by the members of the association. Principals who are not involved in floor brokerage activity must own a membership in the membership division required for access to the products handled by the members of the association. Notwithstanding the above, principals not regularly involved in floor brokerage activity may hold a membership in any division in circumstances where the association is owned by a Member Firm and such Member Firm owns a membership in the membership division required for access to the products handled by the members of the association.
4. No registered broker association or member thereof shall permit a party to have any direct or indirect profit or ownership interest in a broker association unless such party is registered in the association in accordance with this rule.
5. Registration shall be accomplished by filing the appropriate registration forms with the Market Regulation Department.
6. It shall be the responsibility of the broker association and its principals or spokespersons to ensure that the association is properly registered. Any additions, deletions or other changes to the information already reported must be provided to the Market Regulation Department within two business days after the event giving rise to such changes.
7. The Exchange may request any additional information from a broker association as deemed appropriate.

515.C. Prohibition on Sharing of Personal Trading Profits

Registrants in a broker association may not share profits or losses associated with their personal trading activity by direct or indirect means, except for profits and losses related to brokerage errors.

515.D. Supervision

Each principal of a Revenue Sharing Association must diligently supervise the association's member registrants and non-member employees and may be held directly liable for violations of any rule of the Exchange by such registrants and employees. Regardless of whether the principal is held responsible for the act or acts constituting the violation, each principal is jointly liable for the payment of any fines assessed against another principal, registrant or employee of the association provided that the violation occurred while that person was functioning in his capacity with the association.

515.E. Trading Restrictions

The Exchange may impose limits on the percentage of personal trading and/or brokerage volume that members of a broker association may execute with one another. Violations of such restrictions will result in summary action according to the following schedule on a rolling 12 month period:

First Occurrence Letter of Warning

Second Occurrence \$5,000 fine

Subsequent Occurrence \$10,000 fine

The Exchange may restrict a member of a Revenue Sharing Association from trading for any account such member owns, controls or in which such member has a financial interest opposite other members of the association executing orders. Violation of such restrictions will result in summary action according to the following schedule on a rolling 24 month period:

First Occurrence Letter of Warning

Second Occurrence \$500 fine

Third Occurrence \$1,000 fine

Subsequent Occurrence \$5,000 fine

Actions taken pursuant to this section are final and may not be appealed; however members will have 15 days following receipt of notification of the action to present evidence to the Market Regulation Department that administrative, clerical or other errors caused the apparent rule violation.

Notwithstanding the provisions of this section, the Market Regulation Department may, at any time, refer matters that it deems egregious to the Chief Regulatory Officer for the consideration of charges.