

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 22-304

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): July 12, 2022 Filing Description: Modifications to the BSBY Futures Market Maker 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

July 12, 2022

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 BSBY Futures Market Maker Program
CME Submission No. 22-304**

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 BSBY Futures Market Maker Program ("Program"). The modifications to the Program will become effective on August 1, 2022.

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, 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 product 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 the Program complies with 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. 22-304 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

BSBY Futures Market Maker Program

Program Purpose

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

Product Scope

Three-Month Bloomberg Short-Term Bank Yield Index Futures (“BSBY” or “Product”).

Eligible Participants

The Exchange may designate up to fifteen (15) participants in the Program. Participants may be CME members or non-members. Potential participants are required to submit a Bid Sheet to the Exchange which is used to determine eligibility. Exchange staff will use a variety of factors in determining whether or not a potential participant is selected to participate in the Program, including past performance in similar products and the ability to commit to and maintain at least the required quoting obligations. Notwithstanding the foregoing, the Exchange may, from time to time, add to or subtract from the factors listed above as it deems necessary.

Program Term

Start date is August 23, 2021. End date is ~~July 31, 2022~~ January 31, 2023.

Hours

RTH (7:00AM – 4:00PM).

Obligations

Minimum Quoting Obligations: In order to be eligible to receive the incentives, participants must meet minimum quoting obligations in the Product at designated monthly bid-ask spreads during a specified percentage of RTH in accordance with the following:

Quoting Bucket	BSBY Calendar Spread	Width (bps)	Size	Time-in-Market
1	BSBY Futures White Outrights (Q1-Q4)	1.0	40	65%
1	BSBY Futures Red Outrights (Q5-Q8)	1.5	25	65%
2	BSBY Futures Quarters 1-2; 2-3; 3-4; 4-5	1.0	50	65%
2	BSBY Futures Quarters 5-6; 6-7; 7-8	1.0	30	65%
3	SR3-BSBY ICS-Whites (Q1-Q4)	1.0	40	65%

3	SR3-BSBY ICS-Reds (Q5-Q8)	1.5	25	65%
4	BSBY Futures Green Outrights (Q9-Q12)	2.0	10	65%
4	SR3-BSBY ICS – Greens (Q9-Q12)	2.5	15	65%

Extreme Events Clause: If 40-Year 2-Year Treasury CME Group Volatility Index (CVOL) is 95 60 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
- (ii) Size: Decreased by 0.5X (rounded up)

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	Quoting Obligation
9/6/2021	Labor Day	None
10/11/2021	Columbus Day	None
11/11/2021	Veterans Day	None
11/25/2021	Thanksgiving	None
11/26/2021	Day after Thanksgiving	None
12/24/2021	Christmas (Observed)	None
12/27/2021	Christmas (Observed)	None
12/31/2021	New Year's (Observed)	None
1/3/2021	New Year's (Observed)	None
1/17/2021	Birthday of Martin Luther King, Jr.	None
2/21/2022	Presidents' Day	
4/15/2022	Good Friday	
5/30/2022	Memorial Day	
6/20/2022	Juneteenth (Observed)	
7/4/2022	Independence Day	
9/5/2022	Labor Day	
10/10/2022	Columbus Day	
11/11/2022	Veteran's Day	
11/24/2022	Thanksgiving	
11/25/2022	Thanksgiving (Observed)	
12/26/2022	Christmas (Observed)	
1/2/2023	New Year's (Observed)	
1/16/2023	Birthday of Dr. Martin Luther King, Jr.	

Incentives

Fee Waivers: Upon meeting all obligations in at least one (1) Quoting Bucket, as determined by the Exchange, participants will receive fee waivers for all Globex volume traded in the Product.

Quoting Buckets 1 – 3 Fee Credits: Upon meeting all obligations in certain Quoting Buckets, as determined by the Exchange, participants will receive fee credits for all Globex volume traded in the Product in accordance with the following table. The Quoting Buckets 1 – 3 Fee Credits are not additive.

Number of Quoting Buckets	Fee Credit Amount (Per Side)	Fee Credit Cap (Per Month)
2	\$0.50	\$10,000
3	\$0.50	\$20,000

Quoting Bucket 4 Back-month Fee Credits: Upon meeting all obligations in Quoting Bucket 4, as determined by the Exchange, participants will receive fee credits of \$1.00 per side for all Globex volume traded in the Product, capped at \$6,000 per month. The Quoting Bucket 4 Back-month Fee Credits are additive to the Quoting Buckets 1 – 3 Fee Credits.

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 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 one (1) 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.

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 incentives for that applicable month. 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.