

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 21-419

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): September 14, 2021 Filing Description: Modifications to the MAC Swap Futures Incentive 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.

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|--------------------------|---------------------------------------|------------|
| <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

September 14, 2021

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 MAC Swap Futures Incentive Program
CBOT Submission No. 21-419**

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 MAC Swap Futures Incentive Program ("Program"). The modifications to the Program will become effective on October 1, 2021.

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

The Exchange 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, Recordkeeping, Availability of General Information, and Compliance with Rules.

The Program does not impact CBOT's ability to perform its trade practice and market surveillance obligations under the CEA. CBOT's market regulation staff will monitor all trading in the Program's products to prevent manipulative trading and market abuse. The Program does not impact CBOT's order execution. Market participants that meet the criteria described in Exhibit 1 shall be entitled to participate. CBOT rules include prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program is subject to these rules. The Program is subject to recordkeeping requirements that comply with the CEA.

The Exchange 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 CME Group 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 CBOT Submission No. 21-419 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

MAC Swap Futures Incentive Program

Program Purpose

The purpose of this Program is to incentivize trading in the products listed below. The resulting increase in liquidity for the products listed below benefits all participant segments in the market.

Product Scope

All USD MAC Swap Futures (LIBOR and SOFR-based) traded on CME Globex (“Products”).

Eligible Participants

There is no limit to the number of participants that may participate in the Program. The Program is available to both members and non-members.

Program Term

Start date is July 1, 2014. End date is ~~September 30, 2024~~ October 31, 2022.

Hours

Regular Trading Hours (“RTH”) (7:00AM – 4:00PM CST).

Obligations

Minimum Quoting Obligations: In order to be eligible to receive certain incentives, participants must quote continuous two-sided markets at maximum bid/ask spreads and minimum quote sizes in accordance with the baseline quoting obligations listed in the table below. Notwithstanding the foregoing, the Exchange may vary the baseline quoting obligations as it deems necessary based on ongoing evaluations of the Program.

LIBOR Module

Product	Ticker	Width (Ticks)	Width (Index Pts)	Width (USD)	Size (Contracts)	Time-in-Market (“TIM”)	Time Period (CST)
5-Year MAC Swap Future Front Month	F1U	1 (32nds)	0.03125	\$31.25	250	65%	7:00AM – 4:00PM
10-Year MAC Swap Future Front Month	N1U	1.5 (32nds)	0.046875	\$46.875	100	65%	7:00AM – 4:00PM

SOFR Module

Product	Ticker	Width (Ticks)	Width (Index Pts)	Width (USD)	Size (Contracts)	TIM	Time Period (CST)
2-Year SOFR MAC Swap Future Front Month	T1S	1 (32nds)	0.03125	\$31.25	25	65%	7:00AM – 4:00PM
5-Year SOFR MAC Swap Future Front Month	F1S	1.5 (32nds)	0.046875	\$46.875	25	65%	7:00AM – 4:00PM

Extreme Events Clause: If the 10-Year CME Group Volatility Index (CVOL) as published on the Exchange's website reaches or surpasses 105 for at least three (3) days in a given calendar month, the following obligations may be implemented by the Exchange. Participants will be given notice that the Extreme Events Clause has taken effect.

- (i) Bid/Ask for All Instruments: Increased by 2X
- (ii) Size for All Instruments: Decreased by 50%

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.

Holiday	Date
Good Friday	<u>4/2/2021</u>
Memorial Day	<u>5/31/2021</u>
Independence Day (Observed)	<u>7/5/2021</u>
Labor Day	<u>9/6/2021</u>
Columbus Day	<u>10/11/2021</u>
Veterans Day	<u>11/11/2021</u>
Thanksgiving	<u>11/25/2021</u>
Post-Thanksgiving	<u>11/26/2021</u>
Christmas (Observed)	<u>12/24/2021</u>
Christmas (Observed)	<u>12/27/2021</u>
New Year's (Observed)	<u>12/31/2021</u>
New Year's (Observed)	<u>1/3/2022</u>
Birthday of Martin Luther King, Jr.	<u>1/17/2022</u>
Presidents' Day	<u>2/21/2022</u>
Good Friday	<u>4/15/2022</u>
Memorial Day	<u>5/30/2022</u>
Juneteenth	<u>6/20/2022</u>
Independence Day	<u>7/4/2022</u>
Labor Day	<u>9/5/2022</u>

Incentives

LIBOR Fee Credits*: Participants will be eligible to receive fee credits per side traded in LIBOR-based USD MAC Swap Futures in accordance with the table below. Fee credits will be capped at \$17,500 per month per firm. Fee credits apply to CME Globex outright trades, intercommodity spreads during all months, and calendar spreads during non-roll months only (roll months are March, June, September, and December). Fee credits do not apply to ex-pit trades.

LIBOR-based USD MAC Swap Futures		
Progressive ADV Tiers	Quoting Requirements Met	Quoting Requirements Not Met
0 – 250	\$0.12	\$0.00
251 – 750	\$0.15	\$0.10
751+	\$0.25	\$0.15

*The LIBOR Fee Credits set forth above will be reduced by 10% for all non-member participants.

SOFR Fee Credits*: Participants will be eligible to receive fee credits per side traded in SOFR-based USD MAC Swap Futures in accordance with the table below. Fee credits will be capped at \$17,500 per month per firm. Fee credits apply to CME Globex outright trades, intercommodity spreads during all months, and calendar spreads during non-roll months only (roll months are March, June, September, and December). Fee credits do not apply to ex-pit trades.

SOFR-based USD MAC Swap Futures		
Progressive ADV Tiers	Quoting Requirements Met	Quoting Requirements Not Met
0 – 250	\$0.12	\$0.00
251 – 750	\$0.15	\$0.10
751+	\$0.25	\$0.15

*The SOFR Fee Credits set forth above will be reduced by 10% for all non-member participants.

LIBOR Module – Member Fee Waivers: Upon meeting the LIBOR Module Minimum Quoting Obligations, as determined by the Exchange, member participants will receive Globex and ex-pit fee waivers in LIBOR-based USD MAC Swap Futures.

SOFR Module – Member Fee Waivers: Upon meeting the SOFR Module Minimum Quoting Obligations, as determined by the Exchange, member participants will receive Globex and ex-pit fee waivers in SOFR-based USD MAC Swap Futures.

LIBOR Module – Non-Member Fee Discounts: Upon meeting the LIBOR Module Minimum Quoting Obligations, as determined by the Exchange, non-member participants will pay a discounted rate of \$0.17 per side traded in LIBOR-based USD MAC Swap Futures on Globex or ex-pit.

SOFR Module – Non-Member Fee Discounts: Upon meeting the SOFR Module Minimum Quoting Obligations, as determined by the Exchange, non-member participants will pay a discounted rate of \$0.17 per side traded in SOFR-based USD MAC Swap Futures on Globex or ex-pit.

LIBOR Module – Volume Discounts: All participants that do not meet the LIBOR Module Minimum Quoting Obligations in a given month but meet the volume thresholds set forth below will be eligible for discounted rates in the applicable Products as follows:

LIBOR-based USD MAC Swap Futures		
Progressive ADV Tiers	Member Discounted Rate	Non-Member Discounted Rate
0 – 99	No Discount	No Discount
100+	\$0.00	\$0.17

SOFR Module – Volume Discounts: All participants that do not meet the SOFR Module Minimum Quoting Obligations in a given month but meet the volume thresholds set forth below will be eligible for discounted rates in the applicable Products as follows:

SOFR-based USD MAC Swap Futures		
Progressive ADV Tiers	Member Discounted Rate	Non-Member Discounted Rate
0 – 99	No Discount	No Discount
100+	\$0.00	\$0.17

OTC IRS Delivery Fee Waiver. All participants will have OTC IRS clearing fees waived on activity associated with futures delivery for positions directly related to the participants' account and the associated OTC IRS position account.

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 requirements of the Program.

If the Exchange determines that a participant has not met its quoting obligations during ~~one (1)~~ 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 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 all incentives for that applicable month. Excluding the aforementioned exceptions, 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.