



October 4, 2021

Christopher J. Kirkpatrick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

Re: Cboe Futures Exchange, LLC Rule Certification  
Submission Number CFE-2021-025

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Regulation 40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission (“Commission”) under the Act, Cboe Futures Exchange, LLC (“CFE” or “Exchange”) hereby submits a CFE rule amendment (“Amendment”) to amend the AMERIBOR Futures Lead Market Maker Program (“LMM Program”). The Amendment is set forth in a segregated confidential Appendix A to this submission. The Amendment will become effective on October 19, 2021.

Any CFE Trading Privilege Holder (“TPH”) organization or prospective TPH organization may apply to the Exchange for appointment as a lead market maker (“LMM”) in the amended LMM Program for AMERIBOR futures.<sup>1</sup> The Exchange may approve up to five organizations as LMMs for AMERIBOR futures under the amended LMM Program. A prospective TPH organization that is approved as an LMM under the amended LMM Program may not assume the status of an LMM under the amended LMM Program unless and until that organization is an effective TPH. Organizations shall be selected by the Exchange as LMMs under the amended LMM Program based on the Exchange’s judgment as to which applicants are most qualified to perform the functions of an LMM for AMERIBOR futures based on specified criteria.

The amended LMM Program provides for market performance benchmarks that LMMs must satisfy in order to receive specified benefits. The market performance benchmarks include parameters with respect to minimum two-sided quote size and maximum quote width. The market performance benchmarks are applicable during regular trading hours for AMERIBOR futures. Each LMM must designate in advance to the Exchange a single executing firm ID (“EFID”) through which the LMM will provide orders and/or quotes to satisfy the market performance benchmarks (“LMM Program EFID”). The benefits under the amended LMM Program are intended to attract and retain liquidity providers in AMERIBOR futures. Exhibit 1 to this submission includes the description of the amended LMM Program which CFE will include in Policy and Procedure XVI of the Policies and Procedures Section of the CFE Rulebook. The Exchange believes that the market performance benchmarks and associated benefits under the amended LMM Program strike the appropriate balance to incentivize and retain liquidity providers

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<sup>1</sup> AMERIBOR® is a registered trademark of Environmental Financial Products, LLC and is licensed for use by CFE in connection with the listing for trading by CFE of AMERIBOR futures.

in AMERIBOR futures.

The amended LMM Program expires on December 31, 2021, unless the amended LMM Program is extended by the Exchange. CFE may determine to extend the term of the amended LMM Program and LMM appointments under the amended LMM Program, allow the amended LMM Program and LMM appointments under the amended LMM Program to expire, terminate the amended LMM Program and all LMM appointments under the amended LMM Program at any time, or amend or replace the amended LMM Program with a different market maker program at any time. Any of these actions, other than allowing the amended LMM Program to expire, would be done through a subsequent rule amendment submission to the Commission.

CFE believes that the Amendment is consistent with the Designated Contract Market (“DCM”) Core Principles under Section 5 of the Act. In particular, CFE believes that the Amendment is consistent with DCM Core Principles 2 (Compliance with Rules), 4 (Prevention of Market Disruption), 9 (Execution of Transactions), and 12 (Protection of Markets and Market Participants). CFE notes in this regard that: Each LMM in the amended LMM Program is obligated by CFE Rule 308 (Consent to Exchange Jurisdiction) to comply with Exchange rules. Each LMM is also required under the terms of the amended LMM Program to utilize Exchange match trade prevention functionality under CFE Rule 406B (Match Trade Prevention) with respect to trading in AMERIBOR futures through its LMM Program EFID. Exchange rules include prohibitions against fraudulent, non-competitive, unfair, and abusive trading practices, and the Exchange will monitor trading in AMERIBOR futures for violative activity such as wash trading, manipulative trading, and market abuse. The Exchange believes that the amended LMM Program will have a positive impact on the price discovery process by fostering improved liquidity, market width and size, and trading volume in AMERIBOR futures traded on CFE’s centralized market and by incentivizing market participants to devote their efforts to enhancing market quality in AMERIBOR futures. Enhanced market quality benefits all participants in the AMERIBOR futures market. Accordingly, CFE believes that the impact of the Amendment will be beneficial to the public and market participants.

CFE is not aware of any substantive opposing views to the Amendment. CFE hereby certifies that the Amendment complies with the Act and the regulations thereunder. CFE further certifies that it has posted a notice of pending certification with the Commission and a copy of this submission on CFE’s Web site ([http://www.cboe.com/us/futures/regulation/rule\\_filings/cfe/](http://www.cboe.com/us/futures/regulation/rule_filings/cfe/)) concurrent with the filing of this submission with the Commission.

Questions regarding this submission may be directed to Arthur Reinstein at (312) 786-7570 or Michael Margolis at (312) 786-7153. Please reference our submission number CFE-2021-025 in any related correspondence.

Cboe Futures Exchange, LLC

[/s/ Michael Mollet](#)

By: Michael Mollet  
Managing Director

## EXHIBIT 1

(Additions are shown in underlined text and deletions are shown in ~~stricken~~ text)

### **Cboe Futures Exchange, LLC Policies and Procedures Section of Rulebook**

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#### **XVI. AMERIBOR Futures Lead Market Maker Program**

The AMERIBOR Futures Lead Market Maker Program (“Program”) is applicable with respect to AMERIBOR Futures. The term “AMERIBOR Futures” means collectively Cboe AMERIBOR Term-30 (“AMT1”) futures, Cboe Three-Month AMERIBOR (“AMB3”) futures, Cboe One-Month AMERIBOR (“AMB1”) futures, and Cboe 7-Day AMERIBOR (“AMW”) futures. AMT1 futures, AMB3 futures, AMB1 futures, and AMW futures are four separate AMERIBOR Futures products and may each be individually referenced generically under the Program as an AMERIBOR Futures product.

Trading Privilege Holder (“TPH”) organizations and prospective TPH organizations may apply to the Exchange for appointment as a lead market maker (“LMM”) in the Program. The Exchange may approve up to five organizations as LMMs in the Program. A prospective TPH organization that is approved as an LMM under the Program may not assume the status of an LMM under the Program unless and until that organization is an effective TPH. Any organization that desires to apply for LMM status in the Program should submit an application in a form and manner prescribed by the Exchange.

Organizations shall be selected by the Exchange as LMMs under the Program based on the Exchange’s judgment as to which applicants are most qualified to perform the functions of an LMM under the Program. Factors to be considered in making this selection may include, but are not limited to, satisfaction of the qualifications listed below and any one or more of the factors listed in Rule 515(b), as applied to LMM applicants instead of with respect to DPM applicants.

The following describes the qualifications, requirements, market performance benchmarks, benefits, and appointment term under the Program unless otherwise specified.

#### **Qualifications**

- Ability to automatically and systematically provide two-sided markets during regular trading hours for AMERIBOR Futures.
- Experience in trading short-dated interest rate derivative products.

#### **Requirements**

- Each LMM shall execute a standard form LMM Agreement with specified terms.
- Each LMM shall designate in advance to the Exchange a single EFID through which the LMM will provide Orders to satisfy the market performance benchmarks under the Program (“LMM Program EFID”). The LMM Program EFID designated by an LMM must be an EFID assigned to the LMM and may not be an EFID of another TPH.

- Each LMM is required to utilize Exchange match trade prevention functionality under Rule 406B with respect to trading in AMERIBOR Futures through its LMM Program EFID.

### **Market Performance Benchmarks**

- Each LMM shall provide Orders in AMERIBOR ~~futures~~ Futures in conformity with specified criteria relating to minimum two-sided quote size and maximum quote width. These criteria apply during regular trading hours for AMERIBOR Futures.
- The Exchange may terminate, place conditions upon or otherwise limit a TPH's appointment as an LMM under the Program if the TPH fails to satisfy the market performance benchmarks under the Program. However, failure of a TPH to satisfy the market performance benchmarks under the Program shall not be deemed a violation of Exchange rules.

### **Benefits**

- An LMM is eligible to receive specified benefits in connection with acting as an LMM under the Program.

### **Term**

- The Program and each LMM appointment under the Program will expire on December 31, 2021. The Exchange may determine to extend the term of the Program and LMM appointments under the Program, allow the Program and LMM appointments under the Program to expire, terminate the Program and all LMM appointments under the Program at any time or amend or replace the Program with a different market maker program at any time.

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