

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 22-391

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 10/06/22 Filing Description: Amendments to the Daily Settlement Procedure Documents of the Three-Month: Eurodollar, SOFR, and Bloomberg Short-Term Bank Yield (BSBY) Futures Contracts

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:

October 6, 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, D.C. 20581

**Re: CFTC Regulation 40.6(a) Certification. Amendments to the Daily Settlement Procedure Documents of the Three-Month: Eurodollar, SOFR, and Bloomberg Short-Term Bank Yield (BSBY) Futures Contracts.
CME Submission No. 22-391**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) amendments to the Daily Settlement Procedure Documents (the “Documents”) for each of the Three-Month Eurodollar Futures, Three-Month SOFR Futures, and Three-Month Bloomberg Short-Term Bank Yield (BSBY) Futures contracts as noted in the table below (the “Contracts”) (collectively, the “Rule Amendments”) effective on Sunday, October 23, 2022 for trade date Monday, October 24, 2022.

Contract Title	Rulebook Chapter	CME Globex Code	CME ClearPort Code
Three-Month Eurodollar Futures	452	GE	ED
Three-Month SOFR Futures	460	SR3	SR3
Three-Month Bloomberg Short-Term Bank Yield (BSBY) Futures	454	BSB	BSB

The Exchange is amending the Documents so that the daily settlement procedure of the Contracts shall be migrated such that Three-Month SOFR Futures and Three-Month Bloomberg Short-Term Bank Yield (BSBY) Futures contracts will no longer consider Eurodollar inter-commodity spread market activity from October 24, 2022 while Three-Month Eurodollar Futures and Three-Month Bloomberg Short-Term Bank Yield (BSBY) Futures contracts will begin to consider Three-Month SOFR inter-commodity spread market activity from October 24, 2022.

The Rule Amendments are being implemented in anticipation of the end of the US dollar LIBOR panel at end-June 2023 when US dollar LIBOR will cease to be published in a “representative” manner.¹

¹ With the end of the US dollar LIBOR panel, Three Month US dollar LIBOR will cease to be “representative” of the underlying market or economic reality following publication on 30 June 2023. While Three Month US dollar LIBOR may continue to be published after that date, such rate would be “non-representative” utilizing a “synthetic” methodology, to be determined by the UK Financial Conduct Authority, and usage of such rate may be restricted, See: <https://www.fca.org.uk/publication/consultation/cp22-11.pdf>

Exhibit A provides the Rule Amendments in blackline format.

The Exchange 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 Principles:

Compliance with Rules: The Exchange shall continue its normal practice to establish, monitor, and enforce compliance with the rules for the Contracts, including the Rule Amendments.

Prevention of Market Disruption: The Exchange has the capacity to detect abnormal price movements and unusual trading volumes, including such abnormal price movements or trading volumes as may associated with bilaterally negotiated trades. The Exchange holds the authority to take remedial action as appropriate.

Daily Publication of Trading Information: CME will continue to publish contract trading volumes, open interest levels, and price information daily on its website.

Execution of Transactions: The Exchange will continue to provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading the Contracts.

Availability of General Information: The Exchange will release a Special Executive Report (“SER”) regarding the Rule Amendments to ensure notification to market participants. The SER will also be posted on the CME Group website.

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

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>.

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

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A – Daily Settlement Procedure Documents (blackline format)

Exhibit A
Daily Settlement Procedure Documents
(additions underscored; deletions struck through)

CME Eurodollar Futures

Normal Daily Settlement Procedure

~~CME Group staff determines the daily settlement of Eurodollar (GE) futures based on the market activity on CME Globex.~~

Serial and Quarter Tick Eligible Quarterly Contract Months

~~Serial contract months settle to the volume-weighted average price (VWAP) of trades on Globex between 13:59:00 and 14:00:00 Central Time (CT), the settlement period. If there are no trades during this one-minute window, then the contract settles to the midpoint of the low bid and high ask of the settlement period, with adjustments made to incorporate relevant spread bid/ask activity in the spread between the serial (or front quarterly month if quarter tick eligible) and the first non-quarter tick eligible quarterly contract.~~

Non-Quarter Tick Eligible Quarterly Contract

~~The first 12 quarterly Eurodollar (GE) months settle based upon the bid/ask activity of both outright and spread markets on Globex between 13:59:00 and 14:00:00 CT. Initial prices are determined by the volume weighted average price (VWAP) of each outright contract, and may be adjusted within the outright bid/ask range to accommodate calendar spread and butterfly bids and asks. Spreads to be considered in this manner are 3 month calendars, 6 month calendars, 9 month calendars, 12 month calendars, 3 month butterflies, and 12 month butterflies. In all cases, the solution that accommodates the most spread bids and asks will be chosen.~~

~~The remaining 28 deferred quarterly contracts will be settled using bids and asks in calendar spreads and butterfly instruments in conjunction with settlements from any months where a settlement price has been determined to form an implied market in the contract to be settled. These implied markets, along with the outright bid/ask market for the contract, will be used to derive the best possible bid and the best possible ask. If there are multiple prices that are eligible between this best possible bid and the best possible ask, the price will be chosen that sets the net change as close to the net change of the contract that precedes it in the settlement order.~~

~~*Please note that all VWAPs calculated in the above procedure will be rounded to the nearest tradable tick, following a symmetric—"round half towards zero"—rounding convention. For instance, a VWAP of 99.6525 of a non-quarter tick eligible outright will be rounded to 99.650. A spread VWAP of -12.25 will be rounded to -12.0.~~

Normal Daily Settlement Procedure

CME Group staff determines the daily settlement of Eurodollar futures based on the market activity on CME Globex.

Eurodollar Futures Contracts

All Eurodollar Futures contracts will be settled based upon the bid/ask activity of both outright and spread markets on CME Globex between 13:59:00 and 14:00:00 Central Time (CT). Spreads to be considered in this manner are 3 month calendars, 6 month calendars, 9 month calendars, 12 month calendars, 3 month butterflies, 12 month butterflies and the inter-commodity 3-Month SOFR vs Eurodollar spreads. Bids and asks in calendar spreads, butterfly instruments and inter-commodity 3-Month SOFR vs Eurodollar spreads will be used in conjunction with settlements from any months where a settlement price has been determined

to form an implied market in the contract to be settled. These implied markets, along with the outright bid/ask market for the contract, will be used to derive the best possible bid and the best possible ask. If there are multiple prices that are eligible between this best possible bid and the best possible ask, the price will be chosen that sets the net change as close to the net change of the contract that precedes it in the settlement order.

CME 3-Month SOFR Futures

Normal Daily Settlement Procedure

CME Group staff determines the daily settlement of 3-Month SOFR futures based on the market activity on CME Globex.

3-Month SOFR Futures Contracts

All 3-Month SOFR Futures contracts will be settled based upon the bid/ask activity of both outright and spread markets on Globex between 13:59:00 and 14:00:00 CT. Spreads to be considered in this manner are 3 month calendars, 6 month calendars, 9 month calendars, 12 month calendars, 3 month butterflies, 12 month butterflies and the inter-commodity 3-Month SOFR vs Eurodollar spreads. Bids and asks in calendar spreads, butterfly instruments and inter-commodity 3-Month SOFR vs Eurodollar spreads will be used in conjunction with settlements from any months where a settlement price has been determined to form an implied market in the contract to be settled. These implied markets, along with the outright bid/ask market for the contract, will be used to derive the best possible bid and the best possible ask. If there are multiple prices that are eligible between this best possible bid and the best possible ask, the price will be chosen that sets the net change as close to the net change of the contract that precedes it in the settlement order.

Normal Daily Settlement Procedure

CME Group staff determines the daily settlement of 3-Month SOFR (SR3) futures based on the market activity on CME Globex.

Serial and Quarter Tick Eligible Quarterly Contract Months

Serial contract months settle to the midpoint of the CME Globex bid/ask during the settlement period, with adjustments made to incorporate relevant spread bid/ask activity in the spread between the serial (or front quarterly month if quarter tick eligible) and the first non-quarter tick eligible quarterly contract.

Non-Quarter Tick Eligible Quarterly Contracts

The first 10 or 11 (depending on quarter tick eligibility) quarterly 3-Month SOFR (SR3) months settle based upon the bid/ask activity of both outright and spread markets on CME Globex between 13:59:00 and 14:00:00 Central Time (CT). Initial prices are determined by the volume weighted average price (VWAP) of each outright contract, and may be adjusted within the outright bid/ask range to accommodate calendar spread and butterfly bids and asks. Spreads to be considered in this manner are 3 month calendars, 6 month calendars, 9 month calendars, 12 month calendars, 3 month butterflies, and 12 month butterflies. In all cases, the solution that accommodates the most spread bids and asks will be chosen.

The remaining 28 deferred quarterly contracts will be settled using bids and asks in calendar spreads and butterfly instruments in conjunction with settlements from any months where a settlement price has been determined to form an implied market in the contract to be settled. These implied markets, along with the outright bid/ask market for the contract, will be used to derive the best possible bid and the best possible ask. If there are multiple prices that are eligible between this best possible bid and the best possible ask, the price will be chosen that sets the net change as close to the net change of the contract that precedes it in the settlement order.

*Please note that all VWAPs calculated in the above procedure will be rounded to the nearest tradable tick, following a symmetric – “round half towards zero” – rounding convention. For instance, a VWAP of 99.6525 of a non-quarter tick eligible outright will be rounded to 99.650. A spread VWAP of -12.25 will be rounded to -12.0.

CME 3-Month Bloomberg Short-Term Bank Yield (BSBY) Futures

Normal Daily Settlement Procedure

CME Group staff determines the daily settlement of 3-Month BSBY Futures based on the market activity on CME Globex.

Eurodollar Futures Contracts

All 3-Month BSBY Futures contracts will be settled based upon the bid/ask activity of both outright and spread markets on CME Globex between 13:59:00 and 14:00:00 CT. Spreads to be considered in this manner are 3 month calendars, 6 month calendars, 9 month calendars, 12 month calendars, 3 month butterflies, 12 month butterflies and the inter-commodity 3-Month BSBY vs ~~Eurodollar~~ **3-Month SOFR spreads**. Bids and asks in calendar spreads, butterfly instruments and inter-commodity 3-Month BSBY vs ~~Eurodollar~~ **3-Month SOFR** spreads will be used in conjunction with settlements from any months where a settlement price has been determined to form an implied market in the contract to be settled. These implied markets, along with the outright bid/ask market for the contract, will be used to derive the best possible bid and the best possible ask. If there are multiple prices that are eligible between this best possible bid and the best possible ask, the price will be chosen that sets the net change as close to the net change of the contract that precedes it in the settlement order.