

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 22-441

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): October 12, 2022 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

- 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

October 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 MAC Swap Futures Incentive Program
CBOT Submission No. 22-441**

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 November 1, 2022.

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. 22-441 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 ~~October 31, 2022~~ October 31, 2023.

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

*LIBOR MAC will no longer be listed after the June 2023 (M3) contract month at which point this Module and the associated incentives will expire.

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 405 115 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% 1X

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
Columbus Day	10/11/2021
Veterans Day	11/11/2021
Thanksgiving	11/25/2021
Post-Thanksgiving	11/26/2021
Christmas (Observed)	12/24/2021
Christmas (Observed)	12/27/2021
New Year's (Observed)	12/31/2021
New Year's (Observed)	1/3/2022
Birthday of Martin Luther King, Jr.	1/17/2022
Presidents' Day	2/21/2022
Good Friday	4/15/2022
Memorial Day	5/30/2022
Juneteenth	6/20/2022
Independence Day	7/4/2022
Labor Day	9/5/2022
Veterans Day	11/11/2022
Thanksgiving	11/24/2022
Post-Thanksgiving	11/25/2022
Christmas (Observed)	12/26/2022
New Year's (Observed)	1/2/2023
Birthday of Dr. Martin Luther King, Jr.	1/16/2023
Presidents' Day	2/20/2023
Good Friday	4/7/2023
Memorial Day	5/29/2023
Juneteenth	6/19/2023
Independence Day	7/4/2023
Labor Day	9/4/2023
Columbus Day	10/15/2023

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 <u>\$0.25</u>	\$0.00 <u>\$0.12</u>
251 – 750	\$0.15 <u>\$0.30</u>	\$0.10 <u>\$0.15</u>
751+	\$0.25 <u>\$0.50</u>	\$0.15 <u>\$0.25</u>

**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

SOFB 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.

*LIBOR MAC will no longer be listed after the June 2023 (M3) contract month at which point the incentives associated with the LIBOR Module will expire.

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 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.