

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 22-449

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): October 13, 2022 Filing Description: Modifications to the SR3-ED Reduced Tick ICS 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:

October 13, 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 SR3-ED Reduced Tick ICS Market Maker Program
CME Submission No. 22-449**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) hereby notifies the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it plans to modify the SR3-ED Reduced Tick ICS Market Maker 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 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 products 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 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 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. 22-449 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

SR3-ED Reduced Tick ICS Market Maker Program

Program Purpose

The purpose of this Program is to encourage participants to support liquidity in the spread product listed below. The resulting increase in liquidity on the CME Globex Platform (“Globex”) benefits all participant segments of the market.

Product Scope

Intercommodity spread between Three-Month Eurodollar Futures (“ED”) and Three-Month SOFR Futures (“SR3”) traded on Globex (“SED” or “Product”).

Eligible Participants

The Exchange may designate up to ~~thirty (30)~~ twenty (20) participants in the Program. Participants may be members or non-members. Potential participants are required to submit an application/bid sheet to the Exchange as part of a competitive application process which is used to determine eligibility. In determining whether or not a prospective participant is selected to participate in the Program, Exchange staff may take into account a variety of factors including the strength of the quoting obligations the prospective participant is willing to commit to provide, whether Exchange staff believes that the prospective participant can maintain such obligations, and historical volume trading the Product and similar contracts. The Exchange may, from time to time, add or subtract from the aforementioned requirements as it deems necessary.

Program Term

Start date is January 10, 2022. End date is ~~June 30, 2023~~ April 30, 2023.

Hours

Regular Trading Hours (“RTH”).

Obligations

Minimum Quoting Obligations: In order to be eligible to receive incentives, participants must quote two-sided markets on Globex in the Product 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.

Product	Spreads	Width (Bps)	Size (Contracts)	Time-In-Market (“TIM”)
SED	Sep 2023 – Jun 2024	0.5	75	65%
	Sep 2024 – Jun 2025		50	
	Sep 2025 – Jun 2026		25	
	Sep 2026 – Jun 2027		15	

Extreme Events Clause: If 2-Year Treasury CME Group Volatility Index (CVOL) is 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

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
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.
2/20/2023	Presidents' Day
4/7/2023	Good Friday
5/29/2023	Memorial Day
6/19/2023	Juneteenth
11/11/2022	Veterans Day
11/24/2022	Thanksgiving
11/25/2022	Post-Thanksgiving
12/26/2022	Christmas (Observed)
1/2/2023	New Year's (Observed)
1/16/2023	Birthday of Dr. Martin Luther King, Jr.
2/20/2023	Presidents' Day
4/7/2023	Good Friday

Incentives

Fee Waivers: Upon meeting the Minimum Quoting Obligations, as determined by the Exchange, participants will receive fee waivers in the Product traded on Globex.

Fee Credits: Upon meeting the Minimum Quoting Obligations, as determined by the Exchange, participants will receive fee credits of \$0.40 per side, capped at \$7,500 per month per participant. The fee credits are available only for the SR3 leg of the spread.

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 the 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.