

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 17-451

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): November 27, 2017 Filing Description: Modifications to the CBOT Market Maker Program for Long-Term U.S. Treasury Bond Futures

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

November 27, 2017

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 CBOT Market Maker Program for Long-Term U.S. Treasury Bond Futures
CBOT Submission No. 17-451**

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 CBOT Market Maker Program for Long-Term U.S. Treasury Bond Futures ("Program"). The modifications to the Program will become effective on January 1, 2018.

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

CBOT 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, Compliance with Rules, 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 CBOT 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 CBOT rules. The Program is subject to the Exchange's record retention policies which comply with the CEA.

CBOT 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 CBOT Submission No. 17-451 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

Market Maker Program for CBOT Long-Term U.S. Treasury Bond Futures

Program Purpose

The purpose of the Program and the Program modifications is to incent market makers to enhance liquidity in the products listed below. A more liquid contract benefits all participants in the market.

Product Scope

CBOT Long-Term U.S. Treasury Bond futures traded on Globex® (“Products”).

Eligible Participants

The Program is available to members. Up to seven (7) participants shall be admitted to the Program. New participants are required to submit a Bid Sheet to the Exchange which is used to determine eligibility. Exchange staff will use a variety of factors in determining whether or not a prospective market maker is selected to participate in the Program, including past performance in Long-Term U.S. Treasury Bond futures, the ability to commit to and maintain at least the required quoting obligations, and the ability to meet certain average daily volume requirements in the Products. Notwithstanding the foregoing, the Exchange may, from time to time, add to or subtract from the factors listed above as it deems necessary.

Program Term

Start date is January 10, 2010. End date is ~~December 31, 2017~~ January 31, 2019.

Hours

Contracted hours during RTH, ETH and/or ATH.

Obligations

Quoting Requirements. In order to be eligible to receive Program incentives, participants must quote in the Products during at least sixty-five percent (65%) of the time from 7:00am – 4:00pm Chicago Time, continuous two-sided markets for the front month outright contract in the Products in accordance with the following: maintaining a maximum bid/ask spread of 2/32nds and a minimum depth of 10 contracts.

<u>Tier</u>	<u>Spread</u>	<u>Size (2-Sided)</u>
<u>Tier 1</u>	<u>2.0/32nd</u>	<u>6</u>
<u>Tier 2</u>	<u>2.0/32nd</u>	<u>10</u>
<u>Tier 3</u>	<u>2.0/32nd</u>	<u>18</u>

Program Incentives

~~*Fee Discounts:* Upon meeting all Program obligations, as determined by the Exchange, Program participants will be eligible to receive fee discounts of \$0.12 for all volume traded in the Products on Globex®.~~

~~*Fee Credits:* Upon meeting all Program obligations, as determined by the Exchange, Program participants will be eligible to receive a \$0.15 fee credit per contract traded in the Products subject to a monthly capped rebate based on the average bid/ask size the participant quotes, in accordance with the following:~~

- ~~(1) Program participants averaging at least ten (10) contracts at 2/32nds wide will have a monthly rebate capped at \$30,000.~~
- ~~(2) Program participants averaging at least eighteen (18) contracts at 2/32nds wide will have a monthly rebate capped at \$50,000.~~

Tier 1

Effective January 1, 2018 – January 31, 2018

~~*Fee Discounts:* Upon meeting all Program obligations, as determined by the Exchange, participants will be eligible to receive fee discounts of \$0.06 for all volume traded in the Products on Globex®.~~

Effective February 1, 2018 – January 31, 2019

~~*Fee Discounts:* Upon meeting all Program obligations, as determined by the Exchange, participants will be eligible to receive fee discounts of \$0.07 for all volume traded in the Products on Globex®.~~

Tier 2

~~*Fee Waivers:* Upon meeting all Program obligations, as determined by the Exchange, participants will be eligible to receive fee waivers for all volume traded in the Products on Globex®.~~

~~*Fee Credits:* Upon meeting all Program obligations, as determined by the Exchange, participants will be eligible to receive a \$0.15 fee credit per contract traded in the Products subject to a monthly cap of \$30,000.~~

Tier 3

~~*Fee Waivers:* Upon meeting all Program obligations, as determined by the Exchange, participants will be eligible to receive fee waivers for all volume traded in the Products on Globex®.~~

~~*Fee Credits:* Upon meeting all Program obligations, as determined by the Exchange, participants will be eligible to receive a \$0.15 fee credit per contract traded in the Products subject to a monthly cap of \$50,000.~~

Restrictions

A Program participant shall not be eligible to participate in other programs that include the Long-Term U.S. Treasury Bond futures contract.

Monitoring and Termination of Status

If the Exchange determines that a participant has not met its quoting obligations during the participant's first month of quoting, but is within twenty percent (20%) of its contracted quoting metric, the participant will be eligible to receive the incentives for that applicable month.

Excluding a participant's first month of quoting, if a participant does not meet its quoting obligations during one (1) calendar month, but is within ten percent (10%) of its contracted quoting metric, 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 program incentives.

The Exchange shall retain the right to revoke Program participant status if it concludes from review that a Program participant no longer meets the eligibility requirements or fails to meet the obligations of the Program.