

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 19-458

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): December 18, 2019 Filing Description: Modifications to the Grain & Oilseed Futures ETH Market Maker Program

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

December 18, 2019

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 Grain & Oilseed Futures ETH Market Maker Program
CBOT Submission No. 19-458**

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 Grain & Oilseed Futures ETH Market Maker Program ("Program"). The modifications to the Program will become effective on February 1, 2020.

Exhibit 1 sets forth the terms of this Program. Modifications appear below, with additions underlined 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. Exchange staff will monitor trading in the Program's products in order to prevent manipulative trading and market abuse. Additionally, the Exchange has implemented systems to track Program participants' volume to ensure proper distribution of earned incentives. The Program does not impact the Exchange's order execution. Participants in the Program will be selected by CBOT staff using criteria as set forth in Exhibit 1. Chapter 4 of the Exchange rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must execute a contractual agreement with CBOT in which each participant will expressly agree to comply with, and be subject to, applicable regulations and Exchange rules. Additionally, 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 CMESubmissionInquiry@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. 19-458 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Enclosure: Exhibit 1

EXHIBIT 1

Grain & Oilseed Futures ETH Market Maker Program

Program Purpose

The purpose of this Program is to incentivize participants to increase overnight liquidity during Extended Trading Hours (“ETH”) in the products listed below. More liquid contracts on the central limit order book benefit all participants in the marketplace.

Product Scope

Corn Futures (“ZC”), Soybean Futures (“ZS”), Soybean Meal Futures (“ZM”), Soybean Oil Futures (“ZL”), KC HRW Wheat Futures (“KE”), and Chicago SRW Wheat Futures (“ZW”) (“Products”).

Eligible Participants

There is no limit to the number of participants that may participate in the Program. Participants must be proprietary trading firms. Participants may be CBOT members or non-members.

Program Term

Start date is January 1, 2017. End date is ~~January 31, 2020~~ January 31, 2021.

Hours

ETH (7:00PM – 8:29:59AM CST).

Obligations

~~*Minimum Quoting Obligations.* Each calendar month, participants must quote continuous two-sided markets in designated contract months of the Products at maximum bid/ask spreads and minimum quote sizes during a certain percentage of time-in-market.~~

Minimum Quoting Obligations:* In order to be eligible to receive incentives, participants must quote continuous two-sided markets in designated contract months of the Products at maximum bid/ask spreads and minimum quote sizes in accordance with the baseline quoting obligations table below. Participants must quote using day limit orders. Notwithstanding the foregoing, CBOT may vary the quoting obligations and/or the time-in-market as it deems necessary based on ongoing evaluations of the Program.

	<u>ZC, ZS</u>		<u>ZM, ZL, KE, ZW</u>		<u>Time-in-Market (ETH: 7:00PM – 8:29:59AM CST)</u>
	<u>Maximum Bid/Ask Spread</u>	<u>Minimum Quote Size</u>	<u>Maximum Bid/Ask Spread</u>	<u>Minimum Quote Size</u>	
<u>2nd & 3rd Months</u>	4	10	5	5	70%

4 th + Months	6	10	7	5	70%
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*The first contract month is defined as the nearby contract that can still be traded on Globex® unless it is in its delivery month, at which point the next contract will be named the “Lead Month.” The second contract is the month following the Lead Month, and so on.

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.

<u>Date</u>	<u>Name of Holiday</u>	<u>Quoting Obligation</u>
<u>2/17/2020</u>	<u>Presidents’ Day</u>	<u>None</u>
<u>4/10/2020</u>	<u>Good Friday</u>	<u>None</u>
<u>5/25/2020</u>	<u>Memorial Day</u>	<u>None</u>
<u>7/3/2020</u>	<u>Independence Day (Observed)</u>	<u>None</u>
<u>9/7/2020</u>	<u>Labor Day</u>	<u>None</u>
<u>11/26/2020</u>	<u>Thanksgiving</u>	<u>None</u>
<u>11/27/2020</u>	<u>Day After Thanksgiving</u>	<u>None</u>
<u>12/24/2020</u>	<u>Christmas Eve</u>	<u>None</u>
<u>12/25/2020</u>	<u>Christmas Day</u>	<u>None</u>
<u>1/1/2021</u>	<u>New Year’s Day</u>	<u>None</u>
<u>1/18/2021</u>	<u>Birthday of Martin Luther King, Jr.</u>	<u>None</u>

Incentives

Upon satisfying all Program obligations, as determined by the Exchange, each participant shall be eligible for predetermined incentives.

Passive Volume Credits: Upon meeting all obligations, as determined by the Exchange, participants will be eligible to receive Passive Volume Credits. Participants must quote and pass two (2) of the following three (3) products to be eligible for incentives: ZS, ZM, and ZL. Participant’s volume will receive the applicable credit multipliers set forth in the table below. Each month, a participant’s Passive Volume Credits will be calculated and multiplied by \$0.20. Passive Volume Credits will be capped at \$10,000 per month, per participant for each of the following products: ZC, KE, and ZW. Passive Volume Credits will be capped at \$25,000 per month, per participant for each of the following products: ZS, ZM, and ZL.

<u>Passive Volume Credits</u>	
<u>Contract Month</u>	<u>Credit Multiplier</u>
<u>1</u>	<u>n/a</u>
<u>2</u>	<u>2</u>
<u>3</u>	<u>3</u>
<u>4</u>	<u>4</u>
<u>5</u>	<u>5</u>
<u>6</u>	<u>6</u>
<u>7</u>	<u>7</u>
<u>8+</u>	<u>8</u>

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 has failed to meet its obligations or no longer meets the eligibility 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 each 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. 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.