

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 19-485

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 17, 2019 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

December 17, 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 CBOT Market Maker Program for Long-Term U.S. Treasury
Bond Futures
CBOT Submission No. 19-485**

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 February 1, 2020.

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. 19-485 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 ~~January 31, 2020~~ January 31, 2021.

Hours

RTH (7:00AM – 4:00PM).

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 table below. Participants must quote using day limit orders.

Tier	Spread	Size (2-Sided)
Tier 1	2.0 3.0/32 nd	6
Tier 2	2.0/32 nd	10
Tier 3	2.0/32 nd	18

Holiday Quoting Schedule: There will be no quoting obligations on ~~Saturdays, Sundays,~~ or 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	Quoting Obligation
Presidents' Day	February 18, 2019 <u>February 17, 2020</u>	None
Good Friday	April 19, 2019 <u>April 10, 2020</u>	None
Memorial Day	May 27, 2019 <u>May 25, 2020</u>	None
Independence Day	July 4, 2019 <u>July 3, 2020</u>	None
Labor Day	September 2, 2019 <u>September 7, 2020</u>	None
Columbus Day	October 14, 2019 <u>October 12, 2020</u>	None
Veterans Day	November 11, 2019 <u>November 11, 2020</u>	None
Thanksgiving	November 28, 2019 <u>November 26, 2020</u>	None
Post-Thanksgiving	November 29, 2019 <u>November 27, 2020</u>	None
Christmas Eve	December 24, 2019 <u>December 24, 2020</u>	None
Christmas	December 25, 2019 <u>December 25, 2020</u>	None
New Year's Day	January 1, 2020 <u>January 1, 2021</u>	None
Martin Luther King Day	January 20, 2020 <u>January 18, 2021</u>	None

Program Incentives

Tier 1

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

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.

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 incentives for that applicable month. Participants must meet quoting obligations for all subsequent months in order to continue to receive the Program 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.