

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 19-444 (1 of 2)

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): December 26, 2019 Filing Description: Modifications to the Agricultural Futures Resting Order 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

December 26, 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 Agricultural Futures Resting Order Program
CME Submission No. 19-444 (1 of 2)**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME") and The Board of Trade of the City of Chicago, Inc. ("CBOT") (collectively, the "Exchanges") hereby notify the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to modify the Agricultural Futures Resting Order Program ("Program"). The modifications to the Program will become effective on January 13, 2020.

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

The Exchanges reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, the Exchanges' 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 Exchanges' ability to perform their trade practice and market surveillance obligations under the CEA and the Exchanges' market regulation staff will monitor trading in the Program's products to prevent manipulative trading and market abuse. Additionally, the Exchanges have implemented systems to track Program participants' obligations under the Program to ensure proper distribution of earned incentives. The incentives in the Program do not impact the Exchanges' order execution. Participants in the Program will be selected by Exchanges' staff using criteria as further stated in Exhibit 1. Chapter 4 of the Exchanges' rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must execute a contractual agreement with the Exchanges in which each participant will expressly agree to comply with and be subject to, applicable regulations and rules. The Program is subject to the Exchanges' record retention policies which comply with the CEA.

The Exchanges certify that the Program complies with the CEA and the regulations thereunder. There were no substantive opposing views to this Program.

The Exchanges certify that this submission has been concurrently posted on the Exchanges' 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. 19-444 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

Agricultural Futures Resting Order Program

Program Purpose

The purpose of this Program is to incentivize market participants to trade the products listed below. The resulting increase in liquidity benefits all participant segments in the market.

Product Scope

Oat Futures, Rough Rice Futures, Class III Milk Futures, Class IV Milk Futures, Cash-Settled Butter Futures, Cash-Settled Cheese Futures, Block Cheese Futures, Non-fat Dry Milk Futures, Dry Whey Futures, and Lumber Futures that are traded on Globex® (“Products”).

Eligible Participants

Participants must be CME or CBOT members. The Exchanges may designate up to ten (10) participants per product group in the Program. Participants in the Program will be selected on a first come, first served basis. If at any time there are less than ten (10) participants in a product group, a new participant may apply for participation in that product group and be eligible to receive the Program incentives upon entry into the Program. Notwithstanding the foregoing, the Exchanges may, from time to time, add to or subtract from the factors listed above as it deems necessary.

Program Term

Start date is January 2, 2014. End date is ~~January 31, 2020~~ July 31, 2020.

Hours

N/A

Obligations

In order to be eligible to receive Program incentives, participants must meet the requirements as set forth in the table below:

Eligibility Criteria	<u>Minimum Passive Volume Thresholds (measured quarterly)***</u>	Eligibility Ranking	Product Group	Incentive
CBOT Members	<u>250 contracts or 0.5% of overall market, whichever is lower</u>	Top three (3) in passive volume*	Oat Futures	All-in fee waiver
CBOT Members	<u>250 contracts or 0.5% of overall market, whichever</u>	Top three (3) in passive volume*	Rough Rice Futures	All-in fee waiver

	<u>is lower</u>			
CME Members	<u>250 contracts or 0.5% of overall market, whichever is lower</u>	Top three (3) in passive volume*	Lumber Futures	All-in fee waiver
CME Members	<u>2,500 contracts or 0.5% of overall market, whichever is lower</u>	Top three (3) in passive volume*	Dairy Futures**: Class III Milk Futures, Class IV Milk Futures, Cash-Settled Butter Futures, Cash-Settled Cheese Futures, <u>Block Cheese Futures</u> , Non-fat Dry Milk Futures, and Dry Whey Futures	All-in fee waiver

* "Passive Volume" is defined as volume resulting from a participant's resting order being executed. Give-up volume will not be counted as passive volume.

** All Dairy Futures volume will be aggregated. Dairy Futures volume will receive the following weightings:

Dairy Futures Product	Contract Multiplier
Class III Milk	1
Cash Settled Cheese	2
Nonfat Dry Milk	5
Cash Settled Butter	5
<u>Block Cheese</u>	5
Dry Whey	20
Class IV Milk	20

***The quarterly measurement of the Minimum Passive Volume Thresholds will begin on February 1, 2020.

Incentives

Fee Waivers: Participants that rank in the top three (3) in passive volume on a quarterly basis per product group, as defined above, will be eligible to have their all-in fees in the Products waived.

Monitoring and Termination of Status

The Exchanges shall monitor participants' activity and performance in the Products and 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 obligations of the Program.