

25-051: Modifications to the Bitcoin Friday Futures Market Maker Program



Timothy Elliott
Managing Director and Chief Regulatory Counsel
Legal Department

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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 Bitcoin Friday Futures Market Maker Program
CME Submission No. 25-051**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to modify the Bitcoin Friday Futures Market Maker Program ("Program"). The modifications to the Program will become effective on February 1, 2025.

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. Exchange staff will monitor trading in the Program's product 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 CME 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 CME 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.

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.

Sincerely,

/s/ Timothy Elliott
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

Bitcoin Friday Futures Market Maker Program

Program Purpose

The purpose of this Program is to incentivize participants to support the ~~launch and~~ development of the products listed below. More liquid contracts benefit all participants in the marketplace.

Product Scope

~~Micro Bitcoin Futures (“MBT”) and~~ Bitcoin Friday Futures (“BFF”) that are traded on the CME Globex Platform or cleared through CME ClearPort (“Products”).

Eligible Participants

There is no limit to the number of participants that may enroll in the Program. Participants may be CME members or non-members.

Program Term

Start date is September 30, 2024. End date is ~~January 31, 2025~~ July 31, 2025, or the date on which the Exchange determines to modify, extend, or terminate the Program. Participants will be given notice of any changes to the Program Term.

Hours

Designated time periods during RTH and ETH.

Obligations

Participants must meet specified volume thresholds and/or quote continuous two-sided markets in ~~certain~~ the Products at maximum bid/ask spreads and minimum quote sizes during a certain percentage of time-in-market.

Incentives

Upon satisfying all obligations, as determined by the Exchange, participants will be eligible to receive predetermined incentives.

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 requirements of the Program.