

25-025: Modifications to the Korea Retail FCM Micro Silver Rebate Program



Timothy Elliott
Managing Director and Chief Regulatory Counsel
Legal Department

January 10, 2025

VIA ELECTRONIC PORTAL

Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

**RE: Modifications to the Korea Retail FCM Micro Silver Rebate Program
COMEX Submission No. 25-025**

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. ("COMEX" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to modify the Korea Retail FCM Micro Silver Rebate 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~~.

The Exchange reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act"). During the review, Exchange 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. The Exchange's market regulation staff will monitor activity in the Program's products 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 affect the Exchange's order execution. Participants in the Program will be selected by Exchange staff using criteria as set forth in Exhibit 1. Exchange rules include prohibitions against fraudulent, non-competitive, unfair, or abusive practices. All participants must execute a contractual agreement with the Exchange in which each participant expressly agrees to comply with, and be subject to, applicable regulations and applicable rules. The Program is subject to the Exchange's record retention policies which comply with the CEA.

COMEX 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.

Sincerely,

/s/ Timothy Elliott
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

Korea Retail FCM Micro Silver Rebate Program

Program Purpose

The purpose of the Program is to incentivize higher levels of volume contribution in the COMEX Micro Silver product. Higher levels of volume and liquidity in the product benefits all participants in the marketplace.

Product Scope

Micro Silver Futures ("SIL") that are traded on the CME Globex Platform ("Product").

Eligible Participants

There is no limit to the number of participants that may participate in the Program. The Program is open to non-members that are: (i) located in Korea, and (ii) registered with the Exchange as a retail brokerage firm.

Program Term

Start date is November 1, 2022. End date is ~~January 31, 2025~~ July 31, 2026, 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

N/A

Obligations

Participants must meet certain volume thresholds in the Product, as determined by the Exchange, in order to receive the incentives.

Incentives

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

Monitoring and Termination of Status

The Exchange shall monitor participants' activity in the Product and retains the right to revoke participant status if it concludes from review that a participant no longer meets the requirements of the Program.