

25-027: Modifications to the Hot-Rolled Coil Steel Market Maker Program



Timothy Elliott
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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, DC 20581

**RE: Modifications to the Hot-Rolled Coil Steel Market Maker Program
COMEX Submission No. 25-027**

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. ("COMEX" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to modify the Hot-Rolled Coil Steel Market Maker Program ("Program"). The modifications to the Program will become effective on February 1, 2025.

Exhibit 1 sets forth the terms of this 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"). During the review, COMEX 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 and COMEX market regulation staff will monitor trading in the Program's products to prevent manipulative trading and market abuse. Additionally, COMEX has implemented systems to track Program participants' volume to ensure proper distribution of earned incentives. The products included in this Program are listed for trading in the open and competitive market. Participants in the Program will be selected by Exchange staff using criteria as further stated in Exhibit 1. Chapter 4 of the COMEX rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must execute a contractual agreement with COMEX in which each participant will expressly agree to comply with and be subject to, applicable regulations and COMEX rules. The Program is subject to the Exchange's record retention policies which comply with the CEA.

The Exchange 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

Hot-Rolled Coil Steel Market Maker Program

Program Purpose

The purpose of the Program is to build liquidity in the products below that are traded on the CME Globex Platform ("Globex"). The resulting increase in central limit order book liquidity for this product on Globex benefits all participant segments in the market.

Product Scope

U.S. Midwest Domestic Hot-Rolled Coil Steel (CRU) Index Futures ("HRC") and North European Hot-Rolled Coil Steel (Argus) Futures ("EHR") that are traded on Globex ("Products").

Eligible Participants

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

Program Term

Start date is June 1, 2017. End date is ~~January 31, 2025~~ April 30, 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

~~Designated hours between 8:00AM – 11:00AM CT and 2:30AM – 4:30AM~~ 2:00AM – 5:00AM CT.

Obligations

In order to be eligible to receive incentives, participants must quote two-sided markets in the applicable Products, at predetermined average bid/ask spreads and minimum quote sizes during a specified percentage of time-in-market.

Incentives

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

Monitoring and Termination of Status

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