

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 24-297

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): July 15, 2024 Filing Description: Modifications to the Lumber Futures Volume Incentive 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:



Timothy Elliott
Managing Director and Chief Regulatory Counsel
Legal Department

July 15, 2024

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 Lumber Futures Volume Incentive Program
CME Submission No. 24-297**

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 Lumber Futures Volume Incentive Program (“Program”). The modifications to the Program will become effective on August 1, 2024.

Exhibit 1 sets forth the terms of this 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 and CME market regulation staff will monitor trading in the Program’s products to prevent manipulative trading and market abuse. Additionally, CME 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 further stated in Exhibit 1. Chapter 4 of the CME rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program is subject to these rules.

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. Please reference our CME Submission No. 24-297 in any related correspondence.

Sincerely,

/s/ Timothy Elliott
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

Lumber Futures Volume Incentive Program

Program Purpose

The purpose of this Program is to incentivize market participants to support the development of the product below. The resulting increase in liquidity benefits all participant segments of the market.

Product Scope

Lumber Futures (“LBR”) (“Product”).

Eligible Participants

There is no limit to the number of participants that may ~~participate~~ enroll in the Program. Participants must be CME equity member firms, individual members, 106.J, 106.I, 106.S, 106.D, and or 106.F members that are classified as proprietary trading firms or individual proprietary traders. Participants must have a minimum one (1) month Globex futures average daily volume (“ADV”) of at least ten (10) sides in the Product measured over the full calendar month immediately prior to a participant’s enrollment in the Program.

Program Term

Start date is August 8, 2022. End date is ~~July 31, 2024~~ July 31, 2025.

Hours

N/A

Obligations

Volume Obligations: In order to be eligible to receive certain incentives, participants must execute a minimum of: (i) 200 passive Globex sides per month in contract months 1 and 2, and/or (ii) 100 passive Globex sides per month in contract months 3+ (“Volume Threshold”).

Incentives

~~Fee Waivers: Participants will receive fee waivers for all transactions in the Product executed on Globex.~~

~~Fee Discounts: Upon enrollment in the Program, participants will receive a \$0.10 discount on all Globex volume in the Product.~~

~~Fee Credits: Each month participants will be ranked by passive volume in Globex outrights and spreads in the Products. The top four (4) participants will receive fee credits of \$2.50 per passive side traded in the Products after the first 500 passive sides are traded per month. Fee credits will apply to all volume beyond 500 passive sides traded per month. Fee credits will be capped at \$3,000 per participant, per month. Upon meeting the Volume Obligations, as determined by the Exchange, participants will receive fee credits as follows:~~

- (i) \$1.00 on all passive Globex volume in contract months 1 and 2 above the Volume Threshold, capped at \$5,000 per participant, per month
- (ii) \$5.00 on all passive Globex volume in contract months 3+ above the Volume Threshold, capped at \$5,000 per participant, per month.

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 eligibility requirements of the Program.