

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 23-447 (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): 10/27/23 **Filing Description:** Amendments to the Daily Settlement Procedure Document for all CME and CBOT Adjusted Interests Rate (AIR) Total Return Futures Contracts

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: See filing.

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

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:

October 27, 2023

VIA ELECTRONIC PORTAL

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

**Re: CFTC Regulation 40.6(a) Certification. Amendments to the Daily Settlement Procedure Document for all CME and CBOT Adjusted Interest Rate (“AIR”) Total Return Futures Contracts.
 CME Submission No. 23-447 (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”) are certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) amendments to the Daily Settlement Procedure document (the “Document”) in connection with the adjusted Interest Rate (“AIR”) Total Return Futures contracts noted in table 1. below (the “Contracts”) effective on Sunday, November 19, 2023, for trade date Monday, November 20, 2023.

Table 1.

Contract Title	Rulebook Chapter	CME Globex and CME ClearPort Code	BTIC Code
Adjusted Interest Rate S&P 500 Total Return Futures	CME - 375B	ASR	AST
Adjusted Interest Rate Nasdaq-100 Total Return Futures	CME - 374	AQR	AQT
Adjusted Interest Rate Russell 1000 Total Return Futures	CME - 372	ARR	ART
Adjusted Interest Rate Dow Jones Industrial Average Total Return Index Futures	CBOT- 33	ADR	ADT
Adjusted Interest Rate Russell 2000 Total Return Futures	CME - 373	A2R	A2T
Adjusted Interest Rate FTSE-100 Total Return Declared Dividend Index Futures	CME - 375	AFR	AFT

The Exchanges are amending the Document such that the BTIC component captures a broader set of transactions in the derivation of the daily settlement of the Contracts (collectively, the “Rule Amendments”).

Exhibit A provides the Rule Amendments in blackline format.

The Exchanges reviewed the designated contracts market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Rule Amendments may have some bearing on the following Core Principles:

- **Compliance with Rules:** As a result of the Rule Amendments, the Exchanges shall continue their normal practice to establish, monitor, and enforce compliance with the rules for the Contract.
- **Prevention of Market Disruption:** The Exchanges have the capacity to detect abnormal price movements and unusual trading volumes, including such abnormal price movements or trading volumes as may associated with bilaterally negotiated trades. The Exchanges hold the authority to take remedial action as appropriate.
- **Daily Publication of Trading Information:** The Exchanges will continue to publish on their website information regarding contract specifications, terms and conditions, as well as daily trading volume, open interest and price information for the Contract.
- **Availability of General Information:** The Exchanges shall disseminate a Special Executive Report (“SER”) regarding the Rule Amendments. The SER will also be posted on the CME Group website.
- **Execution of Transactions:** The Rule Amendments will further enable the Exchanges to continue their current practice of providing a competitive, open, and efficient market mechanism for executing transactions.

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.6(a), the Exchanges certify that the Rule Amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to the proposal.

The Exchanges certify that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (312) 466-7478 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Timothy Elliott
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A: CME and CBOT Adjusted Interest Rate (“AIR”) Total Return Futures Settlement Procedure Document

Exhibit A

Daily Settlement Procedure Document

CME and CBOT – Adjusted Interest Rate (AIR) - Total Return Futures

Normal Daily Settlement Procedure

Daily settlements for Adjusted Interest Rate (AIR) Total Return futures (ASR, AQR, A2R, ADR, ARR, AFR) are based on applying the following components to the underlying total return index:

1. The sum of accrued daily overnight financing until settlement.
2. Trading activity of the corresponding BTIC on CME Globex and CME ClearPort during the settlement period. The settlement period is defined as the entire trade date typically beginning at 17:00 CT for CME Globex and 18:00 CT for CME ClearPort and ending at 15:00 CT the following day.

BTIC Component Derivation:

Tier 1: Each contract month settles to its own volume-weighted average price (VWAP) of all CME Globex and CME ClearPort transactions that meet reasonability thresholds and occur during the settlement period, rounded to the nearest tradable tick. Calendar spreads executed on CME ClearPort will be used in the derivation of each month's settlement using the individual leg prices entered for this transaction.

Calendar spreads executed on Globex will not be used in the derivation of daily settlements due to CME Globex leg assignment protocol.

Tier 2: In the absence of trading on CME Globex and/or CME ClearPort during the settlement period, the prior day's settlement prices are used to determine settlements

a. If the prior day's settlement price is outside of the CME Globex bid/ask spread, then the contract month settles to the nearest bid or ask price.

b. If the prior day's settlement price is within the CME Globex bid/ask spread, or if a CME Globex bid/ask spread is not available, then the contract month settles to the prior day's settlement price.

Additional information regarding the pricing of the Adjusted Interest Equity Futures is located here: <https://www.cmegroup.com/trading/equity-index/us-index/air-total-return-index-futures.html>

If you have any questions, please call the CME Global Command Center at 800.438.8616, in Europe at 44.800.898.013, or in Asia at 65.6532.5010.

Note: In the event the aforementioned calculations cannot be made or if CME Group staff, in its sole discretion, determines that anomalous activity produces results that are not representative of the fair value of the contract, staff may determine an alternative settlement price.