

## 24-477: Modifications to the Eris Swap Futures Block Market Maker Program



Timothy Elliott  
Managing Director and Chief Regulatory Counsel  
Legal Department

November 19, 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 Eris Swap Futures Block Market Maker Program  
CBOT Submission No. 24-477**

Dear Mr. Kirkpatrick:

The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to modify the Eris Swap Futures Block Market Maker Program ("Program"). The modifications to the Program will become effective on January 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" or "Act"). During the review, CBOT 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 the Exchange's market regulation staff will monitor trading in the Program's products to prevent manipulative trading and market abuse. Additionally, the Exchange has implemented systems to track Program participants' obligations to ensure proper distribution of earned incentives. The incentives in the Program do not impact the Exchange's order execution. Participants in the Program will be selected by Exchange staff using criteria as further stated in Exhibit 1. Chapter 4 of the CBOT rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must execute a contractual agreement with the Exchange in which each participant will expressly agree to comply with and be subject to applicable regulations and CBOT rules. The Program is subject to the Exchange's record retention policies which comply with the CEA.

CBOT 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](mailto:CMEGSubmissionInquiry@cmegroup.com) or contact Rachel Johnson at 312-466-4393 or via e-mail at [Rachel.Johnson@cmegroup.com](mailto:Rachel.Johnson@cmegroup.com).

Sincerely,

/s/ Timothy Elliott  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## Eris Swap Futures Block Market Maker Program

### Program Purpose

The purpose of this Program is to incent participants to build liquidity in the products listed below. A more liquid contract benefits all participant segments in the market.

### Product Scope

All Eris Swap Futures traded on the CME Globex Platform (“Products”).

### Eligible Participants

There is no limit to the number of participants that may participate in the Program. Participants must be CBOT members. Participants must have previously traded CME Swap Futures (either MAC Swap Futures or Eris Swap Futures). In order to participate in the Program, participants must provide the Exchange with block market making contact information for publication on the public market maker directory.

### Program Term

Start date is February 1, 2020. End date is ~~December 31, 2024~~ December 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

Regular Trading Hours (“RTH”), 6:30AM – 3:30PM CT.

### Obligations

In order to be eligible to receive the incentives, participants must meet at least two (2) of the three (3) criteria below during each quarter of the Program.

- (1) Active Block Trading: Participants must have block transactions of at least 500 contracts per quarter.
- (2) Default Management: Participants must sign up to participate in Default Management for Eris Swap Futures. This must be confirmed in writing or by electronic mail to the Clearing House Risk team at least once per year.
- (3) RFQ Responses: Participants must respond to at least 50% of Globex electronic requests-for-quotes (“RFQs”) for the Products with original tenors of 10-Years or less. A response is defined as a 2-sided quote for Eris SOFR at the width and size requirements specified below and provided within 90 seconds of the RFQ. This requirement will apply during RTH, measured quarterly.

Product	Max Width (SOFR Products in USD)	Width (Minimum Price Increment)	Min Size (Contracts)	Time Period
2-Year	\$20	8	250	
3-Year	\$25	5	250	

4-Year	\$30	3	100	RTH
5-Year	\$40	4	100	
7-Year	\$60	3	50	
10-Year	\$80	4	50	

Notwithstanding the foregoing, the Exchange may vary the Obligations as it deems necessary based on ongoing evaluations of the Program. Participants will be given notice of any adjustments to the Obligations.

Holiday Quoting Schedule: There will be no quoting obligations on the dates listed below. The Holiday Quoting Schedule may be adjusted by the Exchange. Participants will be given notice of any adjustments to the Holiday Quoting Schedule. There will be no quoting obligations on certain dates designated by the Exchange. Participants will be given notice of the Holiday Quoting Schedule.

Date	Holiday
1/1/2024	New Year's
1/15/2024	Birthday of Dr. Martin Luther King, Jr.
2/19/2024	Presidents' Day
3/29/2024	Good Friday
5/27/2024	Memorial Day
6/19/2024	Juneteenth
7/4/2024	Independence Day
9/2/2024	Labor Day
10/14/2024	Columbus Day
11/11/2024	Veterans Day
11/28/2024	Thanksgiving
11/29/2024	Post-Thanksgiving
12/25/2024	Christmas

### **Incentives**

Maintenance Fee Waivers: Upon meeting the obligations per quarter, as determined by the Exchange, participants will receive maintenance fee waivers for the Products during the current quarter and the following quarter. Participants are eligible to receive maintenance fee waivers through ~~December 31, 2024~~ the duration of the Program.

Maintenance Fee Discounts: Upon meeting the obligations for at least two (2) quarters beginning ~~January 2024~~ on the effective date of the Program, as determined by the Exchange, participants will receive maintenance fee discounts of 80% through ~~December 31, 2024~~ the duration of the Program.

### **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.

If the Exchange determines that a participant has not met its RFQ Responses obligation during two (2) calendar months over the course of the Program, but is within twenty percent (20%) of the time-in-market obligations, the participant will be eligible to receive the incentives for each applicable month.

If the Exchange determines that a participant has not met its RFQ Responses obligation during one (1) additional calendar month, the participant will be eligible to receive all incentives for that applicable month. Excluding the aforementioned time-in-market leniency, participants must meet the obligations for all subsequent months in order to continue to receive the incentives.