

24-498: Modifications to the Deferred 30-Day Federal Fund Futures Market Maker Program



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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, D.C. 20581

**RE: Modifications to the Deferred 30-Day Federal Fund Futures Market Maker Program
CBOT Submission No. 24-498**

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 modifications to the Deferred 30-Day Federal Fund Futures 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 underscoring and deletions ~~overstruck~~.

CBOT reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). 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 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

Deferred 30-Day Federal Fund Futures Market Maker Program

Program Purpose

The purpose of the Program is to improve liquidity in deferred Federal Funds futures by providing incentives to designated participants who satisfy quoting obligations. A more liquid contract benefits all participants in the market.

Product Scope

CBOT Deferred 30-Day Federal Fund Futures traded on Globex® (“Products”).

Eligible Participants

The Exchange may designate up to fifteen (15) participants in the Program. Participants must be CBOT members. New participants are required to submit a Bid Sheet to the Exchange which is used to determine eligibility. Exchange staff will use a variety of factors in determining whether or not a prospective market maker is selected to participate in the Program, including past performance in Deferred 30-Day Federal Fund futures and the ability to commit to and maintain at least the required quoting obligations. Notwithstanding the foregoing, the Exchange may, from time to time, add to or subtract from the factors listed above as it deems necessary.

Program Term

Start date is February 1, 2008. End date is ~~January 31, 2025~~ January 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

Regular Trading Hours (RTH), 7:00AM – 4:00PM (CT).

Obligations

In order to be eligible to receive incentives, participants must select and comply with two (2) sets of Exchange-defined quoting obligations set forth in the Quoting Buckets 4-6 below. Participants must select at least one (1) Quoting Bucket for outright contracts. Participants must quote each of the obligations during 65% of RTH. Notwithstanding the foregoing, the Exchange may vary the quoting obligations as it deems necessary based on ongoing evaluations of the Program.

Quoting Bucket 1: Outrights in Months 6-9

Month	Max Spread Width (Bps)	Min Quantity Size (Contracts)
Month 6	1.00	50
Month 7	1.00	50
Month 8	1.00	50

Month 9	1.00	50
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Quoting Bucket 2: Outrights in Months 10-13

Month	Max Spread Width (Bps)	Min Quantity Size (Contracts)
Month 10	1.00	40
Month 11	1.00	40
Month 12	1.00	40
Month 13	1.00	40

Quoting Bucket 3: Outrights in Months 14-17

Month	Max Spread	Min Quantity
Month 14	1.00	20
Month 15	1.00	20
Month 16	1.00	20
Month 17	1.00	20

Quoting Bucket 3 4: Spreads in Months 5-10

Month	Max Spread Width (Bps)	Min Quantity Size (Contracts)
Months 5-6	0.50	150
Months 6-7	0.50	150
Months 7-8	0.50	150
Months 8-9	0.50	150
Months 9-10	0.50	150

Quoting Bucket 4 5: Spreads in Months 10-15

Month	Max Spread Width (Bps)	Min Quantity Size (Contracts)
Months 10-11	1.00	125
Months 11-12	1.00	125
Months 12-13	1.00	125
Months 13-14	1.00	125
Months 14-15	1.00	125

Quoting Bucket 6: Spreads in Months 15-20

	Max Spread	Min Quantity
Months 15-16	1.00	50
Months 16-17	1.00	50
Months 17-18	1.00	50
Months 18-19	1.00	50
Months 19-20	1.00	50

Extreme Events Clause: If 2-Year Treasury (Yield) CME Group Volatility Index (CVOL) is 180 or greater for at least three (3) days in a given calendar month, the obligations below may be implemented across all Quoting Buckets.

- (i) ~~Bid/Ask Spread Width~~: Increased by 1.5X

If 2-Year Treasury (Yield) CVOL reaches or surpasses 240 on any day in a given calendar month, the Exchange may reduce the time-in-market obligations across all Quoting Buckets. The time-in-market reduction is subject to a floor of 20%.

Notwithstanding the foregoing, the Exchange may further reduce the bid/ask spreads, sizes, or time-in-market obligations based on ongoing evaluations of market conditions and volatility. Participants will be given notice that the Extreme Events Clause has taken effect.

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	Name of Holiday
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
12/24/2024	Christmas Eve
12/25/2024	Christmas
1/1/2025	New Year's
1/20/2025	Birthday of Dr. Martin Luther King, Jr.

Incentives

Fee Discounts: Upon meeting the quoting obligations, as determined by the Exchange, participants will receive fee discounts of \$0.06 per side for all volume traded on Globex® in contract Months 6 and beyond.

Monitoring and Termination of Status

If the Exchange determines that a participant has not met its quoting obligations during any two (2) calendar months over the course proposed duration 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.

Excluding the aforementioned relaxed time-in-market leniency, if the Exchange determines that a participant has not met its quoting obligations during any 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 quoting obligations for all subsequent months in order to continue to receive the incentives.

Upon utilizing the exceptions leniencies set forth above, participants that fail to meet quoting obligations in any additional month may be removed from the Program.