

## 24-508: Modifications to the Micro E-mini Options Market Maker Program



Timothy Elliott  
Managing Director and Chief Regulatory Counsel  
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, D.C. 20581

**RE: Modifications to the Micro E-mini Options Market Maker Program  
CME Submission No. 24-508**

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 Micro E-mini Options 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" or "Act"). During the review, Exchange 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 Exchange's 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 the Exchange's 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](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

## Micro E-mini Options Market Maker Program

### **Program Purpose**

The purpose of this Program is to support development of the products listed below. The resulting increase in liquidity on the central limit order book benefits all participant segments in the market.

### **Product Scope**

All Micro E-mini Options that are traded on the CME Globex Platform (“Products”).

### **Eligible Participants**

CME may designate up to seven (7) participants in the Program. Participants must be members or enrolled in the International Incentive Program (“IIP”) or International Cross-Asset Volume Incentive Program (“IVIP”). Prospective participants are required to submit an application/bid sheet to the Exchange as part of a competitive selection process which is used to determine eligibility. In determining whether or not a prospective participant is selected to participate in the Program, Exchange staff may take into account a variety of factors including the strength of the quoting obligations the prospective participant is willing to commit to provide, whether Exchange staff believes that the prospective participant can maintain such obligations, and historical volume trading the Products. The Exchange may, from time to time, add or subtract from the aforementioned requirements as it deems necessary.

### **Program Term**

Start date is August 31, 2020. 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**

8:00AM – 3:00PM CT and 5:00PM – 8:00AM CT.

### **Obligations**

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

### **Incentives**

Upon meeting the obligations, as determined by the Exchange, participants will be eligible to receive predetermined incentives.

### **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 or fails to meet the obligations of the Program.