



Timothy Elliott
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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 CME STIR Options Market Maker Program
CME Submission No. 24-569**

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 CME STIR 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~~.

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 the Exchange's market regulation staff will monitor trading under 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 CME 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 CME rules. The Program is subject to the Exchange's record retention policies which comply with the CEA.

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.

Sincerely,

/s/ Timothy Elliott
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

CME STIR Options Market Maker Program

Program Purpose

The purpose of the Program is to incentivize participants to enhance liquidity in the products listed below for our global client base. A more liquid contract benefits all participants in the market.

Product Scope

All CME STIR Options ~~All Options on SOFR Futures~~ ("Products").

Eligible Participants

The Program is available to all CME members and non-members. There is no limit to the number of participants that may participate in the Program. ~~All firms that have a relationship with a clearing member firm and can meet CME established quoting requirements, including the ability to stream quotes in outright options and straddles, may qualify for the Program.~~

Program Term

Start date is First Quarter of 2004. 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 and Extended Trading Hours ("RTH & ETH").

Obligations*

Lead Market Maker ("LMM") Allocation Obligations: The Exchange shall evaluate and rank the performance of participants quarterly ("Evaluation Period") using a point system as follows:

- 70% of performance evaluation shall be on the basis of participant's speed of response to request-for-quotes ("RFQs"), width of bid-offered price spreads, size of bids and offers, and persistence of quoting during a two-minute period.
- The remaining 30% of performance evaluation shall be on the basis of the participant's electronic trading volume in the Products.

Current Participants

Globex and Pit Obligations: In order to be eligible to receive the Globex and Pit Discounts set forth below, participants must ~~respond to 15% of RFQs during RTH and ETH or earn 25,000 points in an quarter~~ Evaluation Period.

Pit Obligations: ~~In order to be eligible to receive the Pit Discounts set forth below, participants must meet the following:~~

- ~~(i) Be individual members or 106.J. equity member participants,~~
- ~~(ii) Must have been enrolled in the Eurodollar Options Market Maker Program during the prior year,~~
- ~~(iii) Respond to Globex RFQs with Exchange software, and~~
- ~~(iv) Have the ability to quote strategies and outrights~~

New Participants

In order to be eligible to receive the Pit Discounts and Globex Discounts set forth below, participants must: (i) earn at least 50,000 points in each Evaluation Period, or (ii) earn at least 25,000 points in each Evaluation Period and were enrolled in a CME STIR Options program during the previous calendar year respond to 15% of RFQs during RTH and ETH or earn 25,000 points in a quarter.

Incentives*

LMM Allocation Incentives: The following incentives will be awarded in accordance with the Evaluation Period quarterly evaluation and ranking of participants:

- (i) Participants with Ranks 1 through 6: Receive pro-rata share of LMM order flow allocations totaling 30%. All order flow allocations shall be at the sole discretion of the Exchange.

Current Participants

Globex and Pit Discounts: Upon meeting the Globex and Pit Obligations set forth above, participants will receive a discount of \$0.13 for each trade made in the Products on Globex and a discount of \$0.08 for each trade made in the Products in the pit.

Pit Discounts: Upon meeting the Pit Obligations set forth above, participants will receive a discount of \$0.08 on all in pit fees.

New Participants

Pit Discounts and Globex Discounts: New participants will receive the Pit Discounts and Globex Discounts from the date of enrollment to the end of the current Evaluation Period ranking period. If that timeframe is less than one (1) month, new participants will continue to receive the discounts for the next calendar quarter Evaluation Period provided the participant can respond to Globex RFQs with Exchange software and has the ability to quote strategies and outrights. Participants will continue to receive the discounts provided they: (i) respond to 15% of RFQs during RTH and ETH or earn 25,000 earn at least 50,000 points in each Evaluation Period evaluation quarter after their enrollment period has ended, or (ii) earn at least 25,000 points in each Evaluation Period after their enrollment period has ended and they were enrolled in a CME STIR Options program during the previous calendar year.

*The Exchange will evaluate and rank participants quarterly as set forth in the Evaluation and Incentive Period schedule below:

Evaluation Period	Incentive Period
12/16/2023 – 3/15/2024	4/1/2024 – 6/30/2024
3/16/2024 – 6/15/2024	7/1/2024 – 9/30/2024
6/16/2024 – 9/15/2024	10/1/2024 – 12/31/2024
9/16/2024 – 12/15/2024	1/1/2025 – 3/31/2025
<u>16th Day of Calendar Quarter – 15th Day of Next Calendar Quarter (e.g., March 16th – June 15th)</u>	<u>Next Subsequent Calendar Quarter (e.g., July 1st – September 30th)</u>

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.

If the Exchange determines that a participant has not met its ~~RFQ response~~ or points obligations during any one (1) Evaluation Period over the ~~course~~ proposed duration of the Program, the participant will be eligible to receive the incentives for that applicable Incentive Period. Participants must meet the obligations for all subsequent Evaluation Periods in order to continue to receive the incentives.