SUBMISSION COVER SHEET

***IMPORTANT*: Check box if Confidential Treatment is requested** ☐

Registered Entity Identifier Code (optional): 21-255

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a: ☒ **DCM** ☐ **SEF** ☐ **DCO** ☐ **SDR**

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 08/06/21 Filing Description: Initial Listing of Three-Month Bloomberg Short-Term Bank Yield Index (BSBY) Futures Contract

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:

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: Three-Month BSBY Futures.

Rule Numbers: CME Rulebook Chapters 5 and 454.

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

August 6, 2021

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
3 Lafayette Center
1155 21st Street NW
Washington, DC 20581

Re: CFTC Regulation 40.2(a) Certification. Initial Listing of Three-Month Bloomberg Short-Term Bank Yield Index (BSBY) Futures Contract.
CME Submission No. 21-255

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") certifies to the Commodity Futures Trading Commission ("CFTC" or "Commission") for the initial listing of the Three-Month Bloomberg Short-Term Bank Yield Index ("BSBY") Futures contract (the "Contract") for trading on the CME Globex electronic trading platform ("CME Globex") and for submission for clearing via CME ClearPort effective on Sunday, August 22, 2021 for trade date Monday, August 23, 2021.

Section 1 – Contract Specifications

Contract Title	Three-Month Bloomberg Short-Term Bank Yield (BSBY) Futures
Commodity Code	BSB
Rulebook Chapter	454
Trading Unit	Interest based on the U.S. dollar, three-month tenor, Bloomberg Short-Term Bank Yield Index such that each basis point per annum of interest = $25 USD per contract.
Price Basis	Contract-grade IMM Index: 100 minus R where: R = Three-month U.S. dollar BSBY Index value for the second New York business day immediately preceding the third Wednesday of the contract's named month of delivery. Example: Contract price of 97.2800 IMM Index points signifies R = 2.7200 percent per annum.
Contract Size	$2500 x contract-grade IMM Index
Minimum Price Increment	Nearest expiring contract month: 0.0025 IMM Index points (0.25 basis point per annum) equal to $6.25 per contract All other expiring contract months: 0.005 IMM Index points (0.5 basis point per annum) equal to $12.50 per contract
Listing Schedule	20 consecutive IMM months Initial listed month: September 2021
Termination of Trading	Termination of Trading: 8.00 am New York time on the second New York business day immediately preceding the third Wednesday of the contract's named month of delivery.
Delivery	By cash settlement in USD, by reference to Final Settlement Price, on last day of trading. **Final Settlement Price**: Contract-grade IMM Index 100 minus R where: R = Three-month U.S. dollar BSBY Index value for the second New York business day immediately preceding the third Wednesday of the contract's named month of delivery.
Trading and Clearing Hours	**CME Globex**: Sunday - Friday 5:00 p.m.-4:00 p.m. Central Time (CT) with a 60-minute break each day beginning at 4:00 p.m. CT **CME Globex Pre-Open**: Sunday: 4:00 p.m.-5:00 p.m. CT

	Monday-Thursday: 4:45 p.m.- 5:00 p.m. CT **CME ClearPort**: Sunday 5:00 p.m. - Friday 5:45 p.m. CT with a 15-minute break each day beginning at 5:45 p.m. CT
Position Reporting and Accountability	Reporting Level: 850 contracts Accountability Threshold: 10,000 contracts
Block Trade Minimum	100 contracts reporting window: 5 minutes RTH / 15 minutes ATH and ETH
CME Globex Matching Algorithm	A-Allocation

Section 2 – Underlying Index

The Contract will deliver by cash settlement. The final settlement price of an expiring contract will be based on the Three-Month Bloomberg Short-Term Bank Yield Index ("BSBY") benchmark, published by Bloomberg Index Services Limited ("BISL"). BISL has made the Three-Month BSBY (and other tenors of the index) available for licensing since March 8, 2021. The price basis will be the IMM Index, or "100 minus Contract interest rate," familiar to users of established short-term interest rate futures products such as CME Three-Month Eurodollar Futures, CME Three-Month SOFR Futures or CBOT 30-Day Federal Funds Futures.

This section provides background on the development of BSBY, along with a high level overview of the methodology for BSBY's construction and calculation, including safeguards to protect the Three-Month BSBY from manipulation, and other statistical analysis demonstrating that the Three-Month BSBY is a robust, reliable benchmark that is not readily susceptible to manipulation. For a more detailed explanation of the BSBY methodology, please refer to the documents titled "Bloomberg Short-Term Bank Yield (BSBY) Index Methodology March 2021," and "Introducing the Bloomberg Short-Term Bank Yield Index (BSBY)," both prepared by BISL.[1]

BISL developed BSBY in response to strong demand for a short-term forward-looking rate to supplement the Secured Overnight Financing Rate ("SOFR"). CME is listing the Contract as a rate futures contract in response to strong interest expressed by derivatives market participants.

In connection with the phase-out of Three-month US dollar ICE LIBOR®, the Alternative Reference Rates Committee ("ARRC") convened by the Board of Governors of the Federal Reserve ("Fed") and the Federal Reserve Bank of New York recommended SOFR as the alternative risk-free reference rate ("RFR") for the US dollar ICE LIBOR® market.[2] As the cessation of ICE LIBOR® approaches, the financial markets have been preparing for the adoption of SOFR. Market participants are generally supportive of SOFR as the ICE LIBOR® fallback, but SOFR is a backward looking, compounded RFR based on secured repo transactions, whereas ICE LIBOR® is a forward-looking rate for unsecured wholesale lending.

A segment of cash market participants has expressed a strong desire for a credit-sensitive spread with a forward-looking term structure as a supplement to SOFR, because SOFR as a benchmark for loans can

[1] These documents are available at https://www.bloomberg.com/professional/introducing-the-bloomberg-short-term-bank-yield-index-bsby/ and https://assets.bbhub.io/professional/sites/10/BSBY-Methodology-Document-March-30-2021.pdf.

[2] ICE LIBOR® is a registered trademark of Intercontinental Exchange Holdings, Inc. and is used under license.

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create a significant mismatch between a bank's assets (loans) and its liabilities (borrowings). This, in fact, occurred in March 2020. The emergence of the COVID-19 pandemic caused a flight to quality, which in combination with the Fed's liquidity operations pushed SOFR from 80 bps down to 5 bps, while concurrently banking credit concerns pushed Three-month US dollar ICE LIBOR® from 80 bps up to 140 bps. The already strong demand for a credit-sensitive spread to supplement SOFR intensified in the aftermath of that significant disconnect.

BISL designed BSBY to provide a series of credit-sensitive reference rates that incorporate systemic bank credit spreads and define a forward term structure. The BSBY is a dynamic, credit sensitive index that measures the average yields at which large, global banks access USD unsecured wholesale funding. BISL calculates BSBY indices for overnight, one-month, three-month, six-month and 12-month yield tenors, and publishes the index values daily at 8:00 am New York time.

BISL calculates BSBY using consolidated anonymized trade data and firm executable quotes for certain bank-issued instruments. Depending on the yield tenor, the index is calculated using trade and quote data for some or all of the following bank instruments: commercial paper, certificates of deposit, deposits and senior unsecured corporate bonds. For commercial paper, certificates of deposit and deposits, BISL uses transaction and quote data captured on Bloomberg's Fixed Income Trading electronic trading solutions platform ("FIT").[3] Transaction and quote data for bank-issued corporate bonds (not relevant for the Three-Month BSBY Index) is captured on Financial Industry Regulatory Authority's Trade Reporting and Compliance Engine ("FINRA TRACE") for OTC transactions in fixed income securities. The BSBY indices only contain instruments issued by large international banks that meet BISL's eligibility criteria to have their instruments included ("BSBY Eligible Banks"). The current list of BSBY Eligible Banks covers banks that are designated as globally systemically important banks by the Financial Stability Board, and ICE LIBOR® panel banks excluding state-owned banks. The BSBY governance committee will review the bank eligibility criteria quarterly and may update the criteria when necessary.

The precise mix of input data varies by tenor. The inputs for the Three-Month BSBY Index are limited to certificates of deposit, deposits, and commercial paper with a maturity at the time of issuance of no more than nine months (270 days). BISL has confirmed to CME that the Three-Month BSBY Index does not and will not contain any corporate bonds or any commercial paper that is a security as defined in Section 3(a)(10) of the Securities Exchange Act of 1934, as amended ("Exchange Act"). Accordingly, it is our understanding (confirmed in discussions with Commission staff) that CME may list the Contract as a rate futures contract in lieu of treating it as a futures contract on an index of securities subject to CEA Sections 2(a)(1)(C) or (D).[4]

BISL filters the trade and executable quote data from the sources described above to ensure the data used for the calculations only covers instruments of BSBY Eligible Banks. BISL uses filtered data from a three-day rolling window to calculate each BSBY yield tenor, including the Three-Month BSBY. The yields of the resulting datasets are normalized across instrument types, using an actual/360 convention. Each transaction is weighted by trade size and each executable quote is weighted by one-eighth (1/8th) of its size (i.e., by 12.5%). Historically, the average executable trade size is $200 million, compared to an average trade size of $75 million. The 12.5% coefficient adjustment is applied to executable quotes to ensure that trade data is assigned a much higher weight and is a strong component in the calculation of each BSBY tenor rate. From the resulting dataset, BISL calculates an overnight, one-month, three-month,

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[3] FIT, Bloomberg's fixed income trading platform, is described at https://www.bloomberg.com/professional/product/fixed-income-trading/.

[4] This conclusion is consistent with the definitions of "narrow-based security index" and "security futures" in the Exchange Act.

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six-month and 12-month BSBY yield, generated through a localized trimmed linear curve fitting process. This local fitting approach allows only neighboring data to participate in the yield calculation for a given tenor and contributes to the accuracy of the rate for the desired term setting.

The Three-Month BSBY Index is designed to mitigate any potential for manipulation, with a number of processes that limit the contribution of any particular bank and exclude outlier rates. The BSBY yields for each tenor, including the Three-Month BSBY, are calculated based on local volume weighted linear regressions where the volume of each data point is capped at $500MM and the input of instruments from a single BSBY Eligible Bank cannot exceed 20%. Further, all yields above the 75th volume percentile and below the 25th volume percentile are eliminated from final calculation. These safeguards ensure that the Three-Month BSBY Index is robustly anchored to market transactions where the importance of a given data point is proportional to its transaction volume.

The robustness and resiliency of the Three-Month BSBY Index is further supported by significant trading volumes for the bank instruments in the index, with a large number of market participants contributing to that trading volume. Table 1. shows the average, maximum and minimum daily dollar volume of transactions, number of transactions, number of unique market participants and trade sizes for bank instruments in the Three-Month BSBY Index for the six-month interval of November 2, 2020 through April 30, 2021.

Table 1. *Summary Statistics for Bank Instruments Underlying the Three-Month BSBY Index, November 2020-April 2021*

Tenor	*Volume (billion $)*			*Transactions*		
	Ave.	*High*	*Low*	*Ave.*	*High*	*Low*
BSBY 3M	31.901	49.850	11.526	365	488	131
	Participants			*Size Per Trade (million $)*		
	Ave.	*High*	*Low*	*Ave.*	*High*	*Low*
BSBY 3M	24	29	18	88	167.3	63.7

Source: Bloomberg

Table 2. provides the same summary statistics for the four-week interval of April 5, 2021 through April 30, 2021, covering the most recent four-week interval within the six-month interval represented in Table 1.

Table 2. *Summary Statistics for Bank Instruments Underlying the Three-Month BSBY Index, April 5, 2021-April 30, 2021*

Tenor	*Volume (billion $)*			*Transactions*		
	Ave.	*High*	*Low*	*Ave.*	*High*	*Low*
BSBY 3M	34.108	42.441	18.181	420	485	276
	Participants			*Size Per Trade (million $)*		
	Ave.	*High*	*Low*	*Ave.*	*High*	*Low*
BSBY 3M	23	25	18	81	96.6	63.7

Source: Bloomberg

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Table 3. provides the daily breakdown of volume, transactions and unique market participants for the data inputs for the four-week interval beginning on April 5, 2021 and concluding on April 30, 2021.

Table 3. *Daily Inputs for Bank Instruments Underlying the Three-Month BSBY Index, April 5, 2021-April 30, 2021*

Date	Volume (blns $)	Transactions	Participants
4/5/2021	18.18	276	18
4/6/2021	39.28	437	24
4/7/2021	42.24	475	25
4/8/2021	38.78	485	23
4/9/2021	34.79	416	24
4/12/2021	30.79	417	25
4/13/2021	39.53	446	24
4/14/2021	42.44	479	25
4/15/2021	34.37	439	23
4/16/2021	35.19	464	22
4/19/2021	32.60	402	21
4/20/2021	41.20	456	23
4/21/2021	38.20	448	24
4/22/2021	33.70	432	25
4/23/2021	32.50	421	23
4/26/2021	29.55	411	23
4/27/2021	36.04	373	24
4/28/2021	33.98	390	23
4/29/2021	25.18	395	23
4/30/2021	23.61	333	24

Source: Bloomberg

Table 4, demonstrates how the instruments underlying the Three-Month BSBY Index performed for each of the last four hypothetical quarterly settles:

Table 4. *One-Year History of Activity for Bank Instruments Underlying the Three-Month BSBY Index on Hypothetical Settlement Dates*

Contract Month	Trades	Volume ($blns)	Participants	Size per Trade ($mlns)
Jun 2020 (6/15/20)	188	20.57	16	109.4
Sep 2020 (9/14/20)	189	21.42	20	113.3
Dec 2020 (12/14/20)	380	35.10	23	92.4
Mar 2021 (3/15/21)	444	34.7	21	78.2

Source: Bloomberg

As described above, BSBY is designed to ensure that trade data is more heavily weighted than executable quotes. To further ensure that the index calculations are anchored to transaction data, the BSBY

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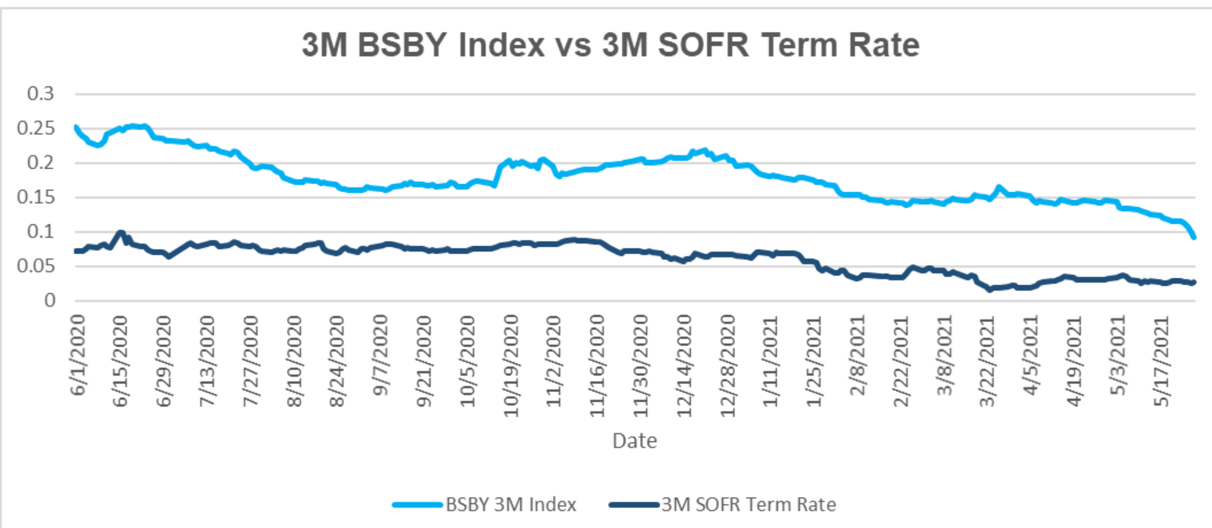
methodology establishes for each tenor a minimum trading volume threshold for instruments in the index over the relevant three-day rolling window. The minimum threshold for the Three-Month Index is $10 billion notional trading volume for all instruments in the index in the calculation window. If the minimum threshold is not met, BISL will apply a fallback process to ensure sufficient volume is available to calculate the relevant BSBY rate, to provide continuity in producing and publishing BSBY in challenging market circumstances. The fallback process extends the lookback period calculation window in one-day increments, up to a maximum five day rolling window. If the threshold is still not met, the prior day's BSBY rate is carried over.

Based on the data provided by BISL, the Three-Month BSBY Index had median volume of $31.7B for the six-month interval from November 2020 through April 2021. It had median trading volume of $19.2B for the period from December 2017 through October 2020. BISL has published the 10 worst volume days during the last three years. They range in volume from $8.5B to $11.6B. All of them occurred in 2020 during the pandemic.

It is useful to evaluate the reliability of the Three Month BSBY Index by comparing the index calculations to the new CME Three-Month Term SOFR Reference Rate (which has been endorsed by ARRC).[5] CME Term SOFR Reference Rates provide an indicative, forward-looking measurement of SOFR rates, based on market expectations implied from leading derivatives markets. The Three-Month BSBY and Three-Month Term SOFR Indices are both forward looking. Three-Month Term SOFR will typically be lower because it is based on Treasury repo rates with lower risk, whereas the Three-Month BSBY Index measures the average yields at which large, global banks access USD unsecured wholesale funding. This brief history demonstrates the complementary nature of the two benchmarks. Using daily data from June 2020 through May 2021, the two indices have a correlation of daily returns of 0.746, as reflected in Chart 1.

Chart 1. *3-Month Term SOFR Index and 3-Month BSBY Index Yields, June 2020-May 2021*



Sources: CME Group, Bloomberg

[5] CME Term SOFR Reference Rates are administered by CME Group Benchmark Administration Limited (CBA), which is registered under Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 (SI 2019/657) is authorized and supervised by the UK Financial Conduct Authority (FCA) and is aligned to the IOSCO Principles for Financial Benchmarks.

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Another key metric in assessing the robustness of the BSBY Index is the sensitivity of its construction algorithm to potential data manipulation scenarios. In a hypothetical test case provided by BISL, BISL assumes that instruments from two of the top five banks in terms of historical volume adjust, in unison, the yields of linked instruments from 20 bps downwards to 20 bps upwards in an effort to manipulate the published BSBY rates. A period of three (3) years was used for the scenario analysis was December 2017 through October 2020. In this scenario, BISL found that a shift of +10 bps had a median impact of 0.35 basis points and a max impact of 1.9 bps on the Three-Month BSBY Index. A shift of -10 bps had a median impact of -0.57 basis points and a max impact of -2.5 bps. Furthermore, as the size increases, the sensitivity of the index decreases as the "adjusted" data points are filtered out by the BSBY outliers trimming procedure.

The diversity of product type coupled with index parameters such as capping any bank's contribution at 20% and excluding outlier rates provide significant protections from manipulation of the index. Expanding the number of days to fulfill the minimum volume requirement ensures the Three-Month BSBY Index is produced during both good and challenging economic conditions.

Table 5. provides six-month history of the Three-Month BSBY Index by contributing inputs: Commercial Paper (CP), Certificate of Deposit (CD) and Deposits (D).

Table 5. *Summary Statistics by Underlying Product for Three-Month BSBY Index, November 2020-April 2021*

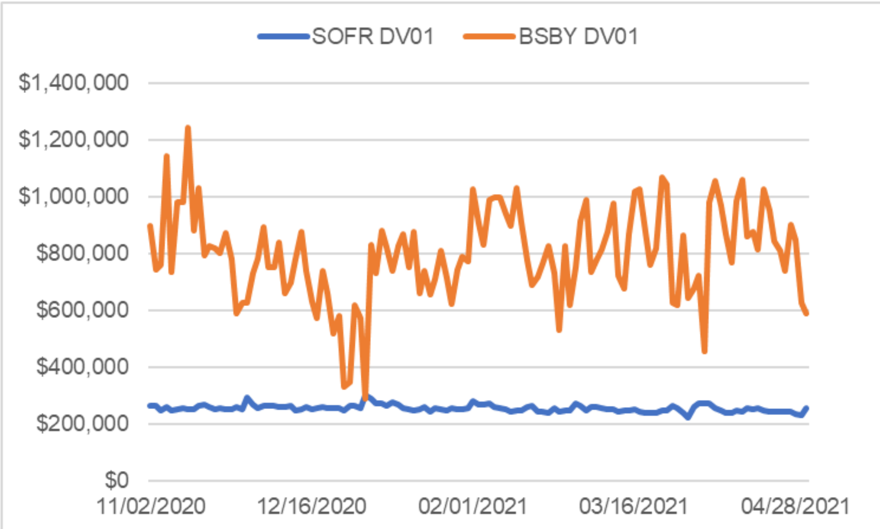
	Volume (millions)				Number of Trades				Number of Participants		
	CD	CP	D	Daily Sum	CD	CP	D	Daily Sum	CD	CP	D
Min	2,743	8,170	0	11,521	26	98	0	129	9	13	0
Q1	9,202	17,569	11	28,446	90	219	2	314	13	16	2
Median	10,602	20,756	85	31,884	104	249	4	357	15	17	3
Q3	12,808	23,596	334	35,851	121	277	5	402	16	18	4
Max	27,824	31,800	1,540	49,769	176	348	10	482	21	22	7
% of total	34%	65%	1%	100%	30%	69%	1%	100%			

Source: Bloomberg

Currently, commercial paper accounts for 65% of the notional trading volume, and 69% of the trades with at least 13 banks contributing. Certificates of deposit account for 34% of the notional trading volume, and 30% of the trades with at least nine banks contributing. Deposits represent 1% of the volume and trades.

The SOFR benchmark is considered an extremely robust benchmark primarily due to the massive daily turnover in overnight Treasury repo. If the daily volumes of the instruments underlying, respectively, the overnight SOFR and the Three-Month BSBY are converted into dollar value of one basis point (DV01) to compare how much risk the daily turnover in each set represents, the daily volume of underlying instruments for the Three-Month BSBY Index is nearly three times that for the underlying instruments for overnight SOFR in equivalent DV01 terms. During the six-month interval from November 2020 through April 2021, overnight SOFR produced a median DV01 of 254,444. In contrast, the Three-Month BSBY Index produced a median DV01 of 792,573. Chart 5. provides the complete six-month history. This comparison further demonstrates that the Three-Month BSBY Index is a robust benchmark, where efforts to manipulate would entail significant cost that should serve as a deterrent.

Chart 5. *Comparison of DV01s for SOFR and Three-Month BSBY Index, November 2020-April 2021*



Sources: Federal Reserve Bank of New York, Bloomberg

BISL has advised CME that its design, calculation and administration of the BSBY complies with the "Principles for Financial Benchmarks (Final Report)" published in July 2013 by the International Organization of Securities Commissions ("IOSCO Benchmark Principles"). We understand that BISL is also seeking to register as a benchmark administrator under the Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 (SI 2019/657) and has obtained authorization from the UK Financial Conduct Authority under the UK Benchmark Regulation.

Under the terms of CME's license agreement with BISL, BISL represents that it maintains, and it will continue to maintain, business practices reasonably designed to minimize the opportunity or incentive to manipulate the Three-Month BSBY Index. Such practices may include lock-downs, prohibitions against derivatives trading by employees and agents of BISL, or public dissemination of the names of sources and the price quotes they provide. BISL has also agreed to provide the CME Market Regulation Department with information (subject to certain confidentiality obligations) as necessary to enable CME to satisfy its market surveillance regulatory obligations. In addition, BISL has agreed to provide CME, upon reasonable request from time to time, with constituent level data for the Three-Month BSBY Index, including, but not limited to, identifiers and weightings of the bank instruments.

A summary of the six-month history of transactions, volume and unique participants of the Three-Month BSBY Index has been depicted in Chart 6., Chart 7., and Chart 8. The distributions in these charts demonstrate the breadth and depth of the Index.

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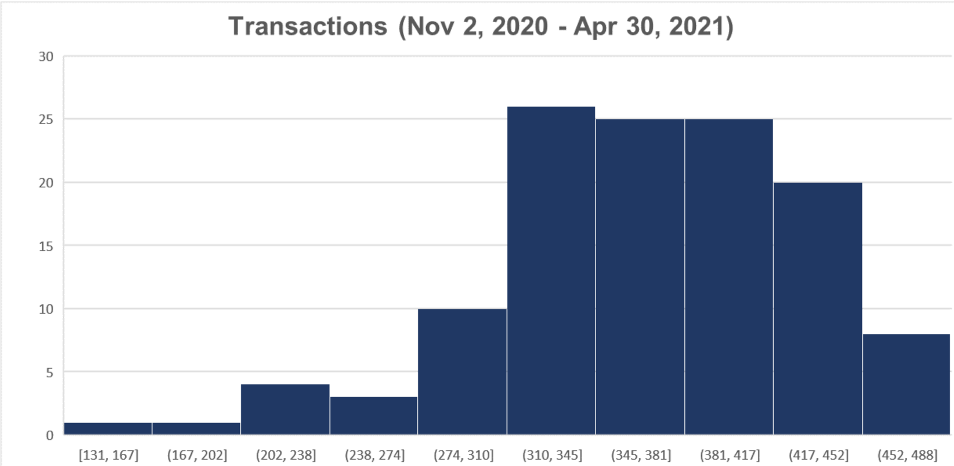
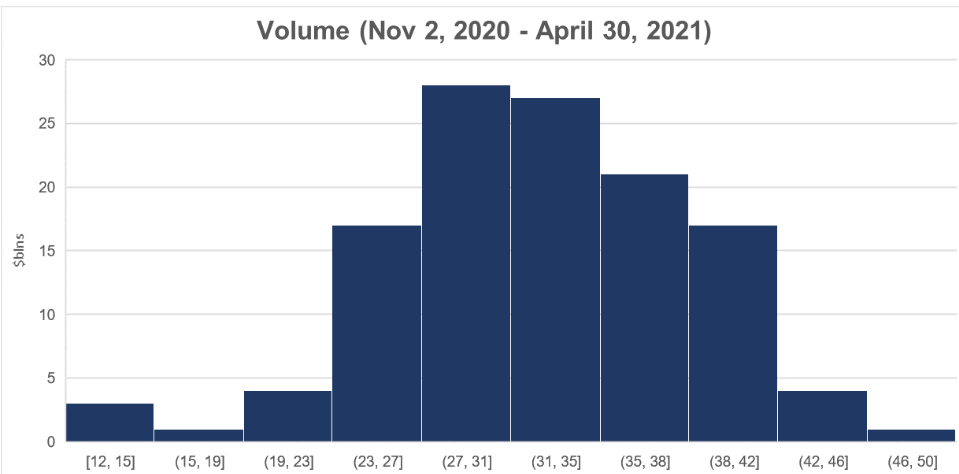
Chart 6. *Distribution of Transactions for Three-Month BSBY Index, November 2020-April 2021*



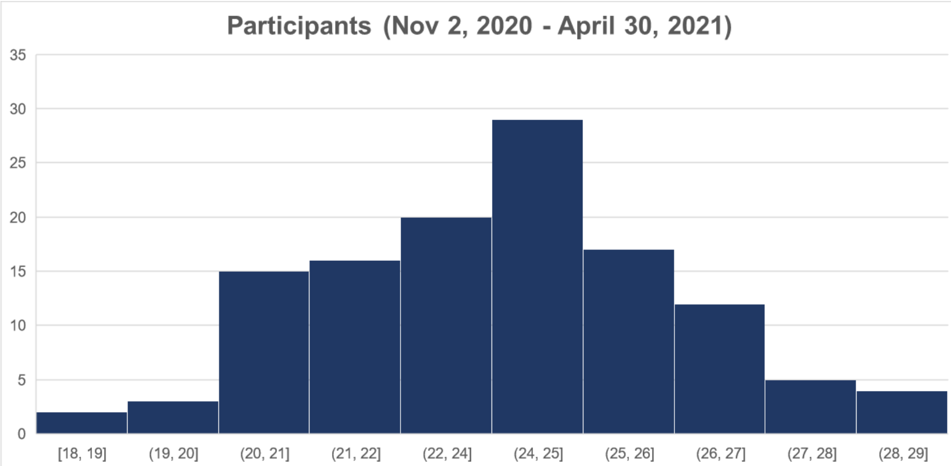
Source: Bloomberg

Chart 7. *Distribution of Volume for Three-Month BSBY Index, Nov. 2020-April 2021*



Source: Bloomberg

Chart 8. *Distribution of Unique Participants for Three-Month BSBY Index, November 2020-April 2021*



Source: Bloomberg

Construction of BSBY and Summary of Underlying Money Market Fundamentals

The construction of BSBY makes it very different from the ICE LIBOR® rate in certain important ways.[6] For example, BSBY does not rely on subjective inputs or submissions from individual banks. Instead, BSBY is constructed from actual transactions between bank issuers and investors. These transactions are collected from multiple data sets. Firms are not aware of the specific mix of transactions that contribute to the index calculation at any point in time; a rate calculation algorithm determines this mix and it may change from day to day. Further, BSBY is based on instruments issued by (currently) 34 different systemically relevant banks, which is more than twice the number of banks currently on the LIBOR panel.

As described above, the specific transactions that make up the BSBY rate include transactions in commercial paper, certificates of deposit and bank deposits. The underlying markets for these instruments are very large and growing.[7] Commercial paper is the largest component of BSBY, it is currently a $1.2 trillion market, which is its highest level in the past six (6) years. BISL estimates that the US Dollar commercial paper has grown 20% since 2020 with daily issuances over the past three years averaging $82 billion. The institutional market for Certificates of Deposit has averaged $11.3 billion in daily issuance recently.

For each bank issuer that comprises one half of one transaction that is fed into the BSBY index, there is an investor on the other side. There are approximately 2,500 different institutions in total that participate in the commercial paper/certificate of deposit markets. As BISL has explained in its report, these markets are very robust, competitive and efficient. The bank issuers are seeking to fund themselves at the lowest rate

[6] BISL has issued a report that highlights many of these key differences, available at: https://assets.bbhub.io/professional/sites/10/Bloomberg_BSBY_Report_070121.pdf.
[7] The data in this section was drawn from BISL report found at: https://assets.bbhub.io/professional/sites/10/Bloomberg_BSBY_Report_070121.pdf.

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possible and the investors who buy their paper are looking for the highest rates of return for their investments. It is common practice for multiple dealers to compete to place an issuer's paper with hundreds of different investors. BISL specifically noted that Bloomberg's electronic platform had more than 450 unique-user investment firms in this space in the past six months. BISL notes how this market structure stands in contrast to the LIBOR inputs, which are very subjective and do not necessarily include differing objectives on the part of submitting dealers.

BISL has also highlighted that both the commercial paper and deposit markets have also shown resilience during recent periods of market stress. According to BISL, their platforms recorded a daily average of $68 billion in commercial paper transactions even at the height of related COVID-19 market stress. Further, BISL noted that its governance and oversight bodies are designed to review periodically BSBY's design, volume thresholds and inputs to ensure that the index remains a reliable measure of its intended interest.

Section 2 -- Compliance with Core Principles

The Exchange reviewed the designated contract market core principles ("DCM Core Principles") as set forth in the Act and has identified that the following DCM Core Principles may be impacted as follows,

Core Principle 2 – Compliance with Rules
The Contract shall be subject to CME Rulebook Chapter 4, which includes prohibitions against fraudulent, noncompetitive, unfair, and abusive practices. Additionally, trading in the Contracts shall be subject to the Exchanges' trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. Trading activity in this Contract shall be subject to monitoring and surveillance by CME Group's Market Regulation Department, which has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

Core Principle 3 – Contract Not Readily Subject to Manipulation
The Contract's underlying reference index is sufficiently broad in definition and scope, and adequately large in terms of market capitalization and level of trading activity of Index constituents, to satisfy the requirement that such futures contract is not readily susceptible to attempted cornering, manipulation, crowding, or exertion of undue influence upon final settlements of expiring contract month.

As detailed in Section 1, the Three-Month BSBY Index benchmark is not readily susceptible to manipulation. This is inherent in the index's construction and the safeguards in the BSBY methodology to protect against manipulation. The substantial transaction pool in the commercial paper, certificates of deposit and deposits underlying the index further demonstrate that the Three-Month BSBY is not readily susceptible to manipulation. CME also notes that BSBY complies with the IOSCO Benchmark Principles.

In view of these considerations, the Contract possesses more than sufficient integrity to deflect attempted cornering, manipulation, crowding, or exertion of undue influence upon final settlement of expiring months for the Contract.

Core Principle 4 – Prevention of Market Disruption
The Contract shall be subject to CME Rulebook Chapters 4 and 5, which include prohibitions on manipulation, price distortion, and disruption to the expiration and assignment process. The Contract shall be subject to monitoring and surveillance by CME Group's Market Regulation Department.

Core Principle 5 – Position Limits or Accountability
The Contract shall be subject to a Position Reporting Level of 850 contracts, a Single-Month Position Accountability Level of 10,000 net futures contract equivalents, and an All-Month Position Accountability Level of 10,000 net futures contract equivalents.

Core Principle 7 – Availability of General Information
The Exchange disseminated a Special Executive Report ("SER") that sets forth information regarding the specifications, terms, and conditions of the Contract. The SER is also be posted on CME Group's website.

Core Principle 8 – Daily Publication of Trading Information
The Exchange shall publish trading volumes, open interest levels, and price information for the Contract daily on its website and through quote vendors.

Core Principle 9 – Execution of Transactions
The Contract will be available for trading on CME Globex, which provides for efficient, competitive, and open execution of transactions. Additionally, CME Globex affords reliability and global connectivity. The applicable CME Globex non-reviewable trading ranges shall be as set forth in Appendix D. The Contract will also be available for clearing via CME ClearPort.

Core Principle 10 – Trade Information
All requisite trade information will be included in the audit trail and will suffice for the Market Regulation Department to monitor for market abuse.

Core Principle 11 – Financial Integrity of Contracts
The transactions in the Contract will be cleared by CME Clearing, which is registered with the Commission as a derivatives clearing organization, and which is subject to all CFTC regulations related thereto.

Core Principle 12 – Protection of Markets and Market Participants
CME Rulebook Chapters 4 and 5 set forth multiple strictures that preclude intermediaries from disadvantaging their customers. These Rules apply to trading in all of the Exchange's competitive trading venues and will apply to transactions in the Contract.

Core Principle 13 – Disciplinary Procedures
CME Rulebook Chapter 4 provides for the Exchange to discipline, suspend, or expel members or market participants who violate the rules of the Exchange. Trading in the Contract will be subject to these provisions. The Exchange's Market Regulation Department has the authority to exercise its powers of enforcement, in the event that rule violations in the Contract are identified.

Core Principle 14 – Dispute Resolution
Disputes in respect of the Contract are subject to the arbitration provisions set forth in CME Rulebook Chapter 6, which allow all nonmembers to submit to arbitration claims for financial loss resulting from transactions on the Exchange. Pursuant to these provisions, any member named as a respondent in any such claim submitted by a nonmember is required to participate in arbitration proceedings. Additionally, the Exchange requires members to resolve via arbitration all disputes concerning transactions on the Exchange.

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Pursuant to Section 5c(c) of the Act and Regulation 40.2(a), the Exchange certifies that the Contract complies with the Act, including all regulations thereunder. There were no substantive opposing views to this proposal.

The Exchange certifies that this submission has been concurrently posted on the Exchange's website at http://www.cmegroup.com/market-regulation/rule-fillings.html.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments:	Appendix A	CME Rulebook Chapter 454
	Appendix B	Position Limit, Position Accountability, and Reportable Level Table, CME Rulebook Chapter 5 (attached under separate cover)
	Appendix C	CME Rule 588.H. – ("Globex Non-Reviewable Trading Ranges") Table
	Appendix D	CME Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table
	Appendix E	Exchange Fees
	Appendix F	Daily Settlement Procedure Document

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Appendix A

CME Rulebook
Chapter 454

Three-Month Bloomberg Short-Term Bank Yield Index (BSBY) Futures

45400. SCOPE OF CHAPTER

This chapter is limited in application to Three-Month Bloomberg Short-Term Bank Yield Index ("BSBY") futures ("futures" or "contract"). In addition to this chapter, futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.
Unless otherwise specified, times referenced herein shall indicate Chicago time.

45401. CONTRACT SPECIFICATIONS

Each contract is valued at $2,500 times the contract-grade IMM Index (Rule 45402.C.).

45402. TRADING SPECIFICATIONS

45402.A. Trading Schedule
Contracts shall be scheduled for trading during such hours and for delivery in such months as may be determined by the Exchange.

45402.B. Trading Unit
For a contract for a given delivery month, the unit of trading shall be interest based on the U.S. dollar, three-month tenor, Bloomberg Short-Term Bank Yield Index, for spot settlement on the third Wednesday of such delivery month, expressed as an interest rate per annum such that each basis point per annum of interest shall be worth $25 per futures contract.

45402.C. Price Increments
Contract prices shall be quoted in terms of the IMM Index ("Index"), 100.0000 minus the interest rate per annum corresponding to the three-month unsecured U.S. dollar-denominated wholesale bank funding transaction specified in Rule 45402.B. (For example, an interest rate of 2.055 percent per annum shall be quoted as an Index value of 97.9450.)

1. The Nearest Expiring Contract Month
The minimum price fluctuation shall be 0.0025 Index points, equal to $6.25 per contract.
2. All Contract Months Excluding the Nearest Expiring Contract Month
The minimum price fluctuation shall be 0.005 Index points, equal to $12.50 per contract.

45402.D. Position Limits, Exemptions, Position Accountability and Reportable Levels
The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

45402.E. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589. and in the Special Price Fluctuation Limits and Daily Price Limits Table in the Interpretations & Special Notices Section of Chapter 5.

45402.F. [Reserved]

45402.G. Termination of Trading

Trading in an expiring contract shall terminate at 8:00 a.m. New York time on the second New York business day immediately preceding the third Wednesday of the contract's named month of delivery.

45402.H. [Reserved]

45403. SETTLEMENT PROCEDURES

Delivery shall be by cash settlement.

45403.A. Final Settlement Price

The final settlement price of an expiring contract shall be 100.00000 minus the U.S. dollar, three-month BSBY Index for the second New York business day immediately preceding the third Wednesday of the contract's named month of delivery. For the purposes of this rule, business days shall mean all weekdays excluding any dates identified by the Securities Industry and Financial Markets Association in its U.S. Holiday Recommendations. Such rate shall be as determined, and as first published, by Bloomberg Index Services Limited. The value of such rate, so published, shall be to the nearest 0.00001 percentage points per annum.

Example: A rate of 2.14155 percent per annum would be subtracted from 100.00000 to determine a contract final settlement price of 97.85845

45403.B. Final Settlement

Clearing members holding open positions in a contract at the time of termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

45404.-35. [RESERVED]

INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 454

Bloomberg Index Services Limited and its affiliates (collectively, "Bloomberg") are not affiliated with Chicago Mercantile Exchange Inc. and do not approve, endorse, review, or recommend Three-Month Bloomberg Short-Term Bank Yield Index (BSBY) futures. BLOOMBERG and Bloomberg Short Term Bank Yield Index are trademarks or service marks of Bloomberg Finance L.P. and have been licensed to Chicago Mercantile Exchange Inc. Bloomberg or its licensors own all proprietary rights in the Bloomberg Short Term Bank Yield Index. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information

relating to Bloomberg Short Term Bank Yield Index. Bloomberg makes no warranty, express or implied, as to the Three-Month Bloomberg Short-Term Bank Yield Index (BSBY) futures or Bloomberg Short Term Bank Yield or any data or values relating thereto or results to be obtained therefrom, and expressly disclaims all warranties of merchantability and fitness for a particular purpose with respect thereto. To the maximum extent allowed by law, Bloomberg, its licensors, and its and their respective employees, contractors, agents, suppliers, and vendors shall have no liability or responsibility whatsoever for any injury or damages-whether direct,

indirect, consequential, incidental, punitive, or otherwise-arising in connection with Three-Month Bloomberg Short-Term Bank Yield Index (BSBY) futures or the Bloomberg Short Term Bank Yield Index or any data or values relating thereto-whether arising from their negligence or otherw*ise.*

Appendix B

CME Rulebook
Chapter 5
Position Limit, Position Accountability, and Reportable Level Table

(attached under separate cover)

Appendix C

CME Rulebook
Chapter 5
Rule 588.H. ("Globex Non-Reviewable Trading Ranges") Table

		Outrights			Spreads	
Instrument	Globex Symbol	Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR:Minimum Ticks	NRR: Globex Format	NRR: Minimum Ticks
Three-Month Bloomberg Short-Term Bank Yield Index (BSBY) Futures	BSB	2 1/2 basis points	2.5	5	Each leg evaluated as an outright	

Appendix D

CME Rulebook
Chapter 5
Rule 589. Special Price Fluctuation Limits and Daily Price Limits Table

Product	Rulebook	Commodity Code	PRIMARY/ ASSOCIATED	ASSOCIATED WITH	Dynamically Calculated Variant - All Hours
Three-Month Bloomberg Short-Term Bank Yield Index (BSBY) Futures	454	BSB	Primary	Primary	50 basis points

Appendix E

Exchange Fees

Fees are charged per side (both buy and sell side) per contract.	Venue/Transaction Type	Interest Rate Futures Front Months	Interest Rate Futures Back Months[1]
Individual Members Clearing Equity Member Firms Rule 106.J Equity Member Firms & Rule 106.J Qualified Subsidiaries Rule 106.I Member Firms & Rule 106.I Qualified Affiliates Rule 106.S Member Approved Funds	Delivery	$0.09	
	CME Globex	$0.19	$0.14
	EFP|EFR|Block	$0.29	$0.24
Rule 106.D Lessees Rule 106.F Employees	Delivery	$0.30	
	CME Globex	$0.37	$0.32
	EFP|EFR|Block	$0.50	$0.45
Rule 106.R Electronic Corporate Member (For other than CME Globex|EFP|EFR|Block - See Non-Members)	CME Globex	$0.49	$0.44
	EFP|EFR|Block	$0.90	$0.85
Rule 106.H and 106.N Firms Clearing Non-Equity Member Firms	Delivery	$0.49	
	CME Globex	$0.49	$0.44
	EFP|EFR|Block	$0.69	$0.64
International Incentive Program (IIP) Participants International Volume Incentive Program (IVIP) Participants	Delivery	$0.50	
	CME Globex	$0.50	
	EFP|EFR|Block	$1.35	$1.05
Central Bank Incentive Program (CBIP) Participants Latin American Fund Manager Incentive Program (FMIP) Participants	Delivery	$0.70	
	CME Globex	$0.75	
	EFP|EFR|Block	$1.35	$1.05
Members Trading Outside of Division (For other than CME Globex During ETH - See Non-Members)	CME Globex - During ETH Only	$0.80	$0.75
Non-Members (Including: CTA/Hedge Fund Incentive Program Participants, Emerging Markets Bank Incentive Program (EMBIP) Participants & CBOE Members)	Delivery	$0.70	
	CME Globex	$1.25	$0.95
	CME Globex - Bundles	$0.80	
	EFP|EFR|Block	$1.35	$1.05

1. Back Month fee applies to Interest Rate Futures contracts with longer than 4-years to expiry (Golds).

Processing Fees	Fee
106.D Lessee/106.H Brokerage	$0.13
106.F Employee Brokerage	$0.13
Floor / "New" Brokerage	$0.04
Position Adjustment/Position Transfer	$0.10
Give-Up Surcharge	$0.05

Appendix F

Settlement Procedure Document

CME 3-Month Bloomberg Short-Term Bank Yield (BSBY) Futures Daily Settlement Procedure

Normal Daily Settlement Procedure

CME Group staff determines the daily settlement of 3-Month BSBY Futures based on the market activity on CME Globex.

3-Month BSBY Futures

All 3-Month BSBY Futures contracts will be settled based upon the bid/ask activity of both outright and spread markets on Globex between 13:59:00 and 14:00:00 CT. Spreads to be considered in this manner are 3 month calendars, 6 month calendars, 9 month calendars, 12 month calendars, 3 month butterflies, 12 month butterflies and the inter-commodity 3-Month BSBY vs Eurodollar spreads. Bids and asks in calendar spreads, butterfly instruments and inter-commodity 3-Month BSBY vs Eurodollar spreads will be used in conjunction with settlements from any months where a settlement price has been determined to form an implied market in the contract to be settled. These implied markets, along with the outright bid/ask market for the contract, will be used to derive the best possible bid and the best possible ask. If there are multiple prices that are eligible between this best possible bid and the best possible ask, the price will be chosen that sets the net change as close to the net change of the contract that precedes it in the settlement order.

Final Settlement

By cash settlement in USD, by reference to Final Settlement Price, on last day of trading. Final Settlement Price: Contract-grade IMM Index 100 minus R where: R = Three-month U.S. dollar BSBY Index value for the second New York business day immediately preceding the third Wednesday of the contract's named month of delivery.

Additional information regarding settlement procedures for 3-Month BSBY Futures can be found in CME Chapter 454 ("Three-Month Bloomberg Short-Term Bank Yield (BSBY) Futures") which may be viewed ***HERE***.

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.