SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested ☐

Registered Entity Identifier Code (optional): <u>20-549</u>

Organization: <u>The Board of Trade of the City of Chicago, Inc. ("CBOT")</u>

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

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): <u>December 31, 2020</u>   Filing Description: <u>Modifications to the Grain & Oilseed Futures ETH Market Maker Program</u>

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: <u>Not Applicable</u>

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

Official Product Name:

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:

Rule Numbers:

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

CME Group

December 31, 2020

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 Grain & Oilseed Futures ETH Market Maker Program**
> **CBOT Submission No. 20-549**

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 Grain & Oilseed Futures ETH Market Maker Program ("Program"). The modifications to the Program will become effective on February 1, 2021.

Exhibit 1 sets forth the terms of this Program. Modifications appear below, with additions underlined 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, and Recordkeeping

The Program does not impact the Exchange's ability to perform its trade practice and market surveillance obligations under the CEA. Exchange staff will monitor trading in the Program's products in order to prevent manipulative trading and market abuse. Additionally, the Exchange has implemented systems to track Program participants' volume to ensure proper distribution of earned incentives. The Program does not impact the Exchange's order execution. Participants in the Program will be selected by CBOT staff using criteria as set forth in Exhibit 1. Chapter 4 of the Exchange rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must execute a contractual agreement with CBOT in which each participant will expressly agree to comply with, and be subject to, applicable regulations and Exchange rules. Additionally, 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. Please reference our CBOT Submission No. 20-549 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Enclosure: Exhibit 1

EXHIBIT 1

Grain & Oilseed Futures ETH Market Maker Program

Program Purpose

The purpose of this Program is to incentivize participants to increase overnight liquidity during Extended Trading Hours ("ETH") in the products listed below. More liquid contracts on the central limit order book benefit all participants in the marketplace.

Product Scope

Corn Futures ("ZC"), Soybean Futures ("ZS"), Soybean Meal Futures ("ZM"), Soybean Oil Futures ("ZL"), KC HRW Wheat Futures ("KE"), and Chicago SRW Wheat Futures ("ZW") ("Products").

Eligible Participants

There is no limit to the number of participants that may participate in the Program. Participants must be proprietary trading firms. Participants may be CBOT members or non-members.

Program Term

Start date is January 1, 2017. End date is ~~January 31, 2021~~ January 31, 2022.

Hours

ETH (7:00PM – 8:29:59AM CST).

Obligations

Minimum Quoting Obligations*: In order to be eligible to receive incentives, participants must quote continuous two-sided markets in designated contract months of the Products at maximum bid/ask spreads and minimum quote sizes in accordance with the baseline quoting obligations table below. ~~Participants must quote using day limit orders.~~ Notwithstanding the foregoing, CBOT may vary the quoting obligations and/or the time-in-market as it deems necessary based on ongoing evaluations of the Program.

	ZC, ZS		ZM, ZL, KE, ZW		
	Maximum Bid/Ask Spread	Minimum Quote Size	Maximum Bid/Ask Spread	Minimum Quote Size	Time-in-Market (ETH: 7:00PM – 8:29:59AM CST)
2nd & 3rd Months	4	10	5	5	70%
4th + Months	6	10	7	5	70%

*The first contract month is defined as the nearby contract that can still be traded on Globex® unless it is in its delivery month, at which point the next contract will be named the "Lead Month." The second contract is the month following the Lead Month, and so on.

Extreme Events Clause: If the at-the-money ("ATM") implied volatility exceeds the values in Table A for two (2) consecutive trading days for three (3) out of six (6) of the Products, the obligations in Table B may be implemented. Participants will be given notice that the Extreme Events Clause has taken effect.

(i) **Table A**

Product	30-Day Constant Maturity (ATM Implied Volatility)
ZC	35%
ZS	28%
ZW	35%
KE	35%
ZL	35%
ZM	30%

(ii) **Table B**

	ZC, ZS		ZM, ZL, KE, ZW		
	Maximum Bid/Ask Spread	Minimum Quote Size	Maximum Bid/Ask Spread	Minimum Quote Size	Time-in-Market (ETH: 7:00PM – 8:29:59AM CST)
2nd & 3rd Months	6	5	8	3	70%
4th + Months	9	5	11	3	70%

Once the Extreme Events Clause is in effect, if ATM implied volatility is less than the levels in Table A during the two (2) consecutive days prior to expiration, the Minimum Quoting Obligations will be reinstated. If the ATM volatility exceeds the levels in Table A, the Extreme Events Clause obligations will continue for the next full month.

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.

Date	Name of Holiday	Quoting Obligation
2/17/2020	Presidents' Day	None
4/10/2020	Good Friday	None
5/25/2020	Memorial Day	None
7/3/2020	Independence Day (Observed)	None
9/7/2020	Labor Day	None
11/26/2020	Thanksgiving	None
11/27/2020	Day After Thanksgiving	None
12/24/2020	Christmas Eve	None
12/25/2020	Christmas Day	None
1/1/2021	New Year's Day	None
1/18/2021	Birthday of Martin Luther King, Jr.	None
2/15/2021	Presidents' Day	None

4/2/2021	Good Friday	None
5/31/2021	Memorial Day	None
7/5/2021	Independence Day (Observed)	None
9/6/2021	Labor Day	None
11/25/2021	Thanksgiving	None
11/26/2021	Day After Thanksgiving	None
12/24/2021	Christmas (Observed)	None
12/31/2021	New Year's Day (Observed)	None
1/18/2022	Birthday of Martin Luther King, Jr.	None

Incentives

Passive Volume Credits: Upon meeting all obligations, as determined by the Exchange, participants will be eligible to receive Passive Volume Credits. Participants must quote and pass two (2) of the following three (3) products to be eligible for incentives: ZS, ZM, and ZL. Participant's volume will receive the applicable credit multipliers set forth in the table below. Each month, a participant's Passive Volume Credits will be calculated and multiplied by $0.20. Passive Volume Credits will be capped at ~~$10,000~~ $5,000 per month, per participant for each of the following products: ZC, KE, and ZW. Passive Volume Credits will be capped at ~~$25,000~~ $12,500 per month, per participant for each of the following products: ZS, ZM, and ZL.

Passive Volume Credits	
Contract Month	**Credit Multiplier**
1	n/a
2	2
3	3
4	4
5	5
6	6
7	7
8+	8

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 has failed to meet its obligations or no longer meets the eligibility requirements of the Program.

If the Exchange determines that a participant has not met its quoting obligations 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 quoting obligations during one (1) additional calendar month, the participant will be eligible to receive all incentives for that applicable month. Participants must meet quoting obligations for all subsequent months in order to continue to receive the incentives.

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