

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 20-026

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): January 7, 2020 Filing Description: Modifications to the Eurodollar Options Pit Liquidity Provider Program

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|-------------------------------------|-------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Notification | § 40.6(d) |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers: **Not Applicable**

New Product

Please note only ONE product per Submission.

- | | | |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.2(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> | Approval | § 40.3(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission | § 39.5 |

Official Product Name:

Product Terms and Conditions (product related Rules and Rule Amendments)

- | | | |
|--------------------------|---|----------------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Certification Made Available to Trade Determination | § 40.6(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.24(a) |
| <input type="checkbox"/> | Delisting (No Open Interest) | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Approval Made Available to Trade Determination | § 40.5(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.24(c) |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | “Non-Material Agricultural Rule Change” | § 40.4(b)(5) |
| <input type="checkbox"/> | Notification | § 40.6(d) |

Official Name(s) of Product(s) Affected:

Rule Numbers:



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

January 7, 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 Eurodollar Options Pit Liquidity Provider Program
CME Submission No. 20-026**

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 Eurodollar Options Pit Liquidity Provider Program ("Program"). The modifications to the Program will become effective on February 1, 2020.

Exhibit 1 sets forth the terms of this Program. Modifications appear below, with additions underscored 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, 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. Please reference our CME Submission No. 20-026 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

Eurodollar Options Pit Liquidity Provider 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 Eurodollar options traded on Globex®, and pit-traded Eurodollar options, including (without limitation to the foregoing) standard quarterly expiries, mid-curve options, and calendar spread options (“Products”).

Eligible Participants*

There is no limit to the number of participants that may participate in the Program. The Program is available to individual members and CME Rule 106.J equity member market makers who meet at least one (1) of the below ~~two (2)~~ three (3) criteria:

- ~~Firm employee trading a firm account and collectively has had at least one (1) person in the pit for at least 1/3 of trading days in the first three (3) quarters of 2017.~~
- ~~Self-executes in the pit through sequential trading cards and has been in the pit at least 1/3 of trading days in the first three (3) quarters of 2017.~~

And in addition:

- ~~Participants may not have previously been a participant in the Eurodollar Options Market Maker Program, unless:~~
 - ~~They joined the Eurodollar Options Market Maker Program within the last six (6) months;~~
 - ~~OR they have never ranked within the top fifteen (15) participants in the Eurodollar Options Market Maker Program.~~
- Member was enrolled in the Eurodollar Options Pit Liquidity Provider Program in 2019,
- Firm employee trading a firm account and collectively has had at least one (1) firm employee in the pit during 2019 with volume greater than 5,000 sides per month for at least three (3) consecutive months, or
- Individual member who self-executed in the pit through sequential trading cards and has been in the pit during 2019 with volume greater than 5,000 sides per month for at least three (3) consecutive months.

*Participants may not have been previously enrolled in the Eurodollar Options Market Maker Program in 2019 or prior to applying for this Program.

Program Term

Start date is December 1, 2017. End date ~~January 31, 2020~~ January 31, 2021.

Hours

Regular and Extended Trading Hours (“RTH & ETH”).

Program Incentives

Transaction Fee Adjustments:

- Program participants receive a \$0.13 discount off Globex® all-in fees.
- Program participants receive a ~~\$0.06~~ \$0.08 discount off pit all-in fees.

Mass Quote Message: All market makers shall receive use of the Mass Quote Message function.

Monitoring and Termination of Status

The Exchange shall monitor trading activity and participants' performance and shall retain the right to revoke Program participant status if they conclude from review that a Program participant no longer meets the eligibility requirements of the Program.