

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 23-148

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): March 14, 2023 Filing Description: Modifications to the Euro Short-Term Rate (€STR) and Repo Funds Rate (RFR) Futures Market Maker 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

March 14, 2023

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 Euro Short-Term Rate (€STR) and ~~RepoFunds Rate (RFR)~~
Futures Market Maker Program
CME Submission No. 23-148**

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 €STR Futures Market Maker Program ("Program"). The modifications to the Program will become effective on April 1, 2023.

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 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 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 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. 23-148 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

€STR and RFR Futures Market Maker Program

Program Purpose

The purpose of the Program is to support the ~~launch and~~ development of the products listed below. More liquid contracts on the central limit order book benefits all participants in the market.

Product Scope

Euro Short-Term Rate (€STR) Futures (“ESR”); and Euro Short-Term Rate (€STR) Three-Month Single Contract Basis Spread Futures (“EUS”); ~~RepoFunds Rate (Germany) Futures (“RFD”), RepoFunds Rate (Italy) Futures (“RFI”), RepoFunds Rate (Germany) Three-Month Single Contract Basis Spread Futures (“RSD”), and RepoFunds Rate (Italy) Three-Month Single Contract Basis Spread Futures (“RSI”)~~ traded on the CME Globex Platform (collectively, “Products”).

Eligible Participants

The Exchange may designate up to ~~ten (10)~~ fifteen (15) participants in the Program. Participants may be CME members or non-members. Potential participants are required to submit a Bid Sheet to the Exchange which is used to determine eligibility. Exchange staff will use a variety of factors in determining whether or not a potential participant is selected to participate in the Program, including past performance in similar products and the ability to commit to and maintain at least the required quoting obligations. Notwithstanding the foregoing, the Exchange may, from time to time, add to or subtract from the factors listed above as it deems necessary.

Program Term

Start date is October 31, 2022. End date is ~~April 30, 2023~~ September 30, 2023.

Hours

8:00AM – 4:00PM UK Time.

Obligations

In order to be eligible to receive the 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 time-in-market.

*Minimum Quoting Obligations** In order to be eligible to receive the incentives, participants must quote continuous two-sided markets at maximum bid/ask spreads and minimum quote sizes during a certain percentage of time-in-market as set forth in the baseline quoting obligations listed in the table below. Participants may choose to quote any of the following Tiers. Notwithstanding the foregoing, the Exchange may vary the baseline quoting obligations as it deems necessary based on ongoing evaluations of the Program.

Main Quoting Tiers

Tier	Product	Width (Bps)	Size (Contracts)	Time-in-Market	Time Period
1	Outright €STR Contracts – Contract A, B, and C	1	15	60%	8:00AM – 4:00PM UK Time
1	Outright €STR Contracts – Contracts 1-4	1	15	60%	8:00AM – 4:00PM UK Time
1	Outright €STR Contracts – Contracts 5-6	1.5	10	60%	8:00AM – 4:00PM UK Time
1	Outright €STR Contracts – Contracts 7-10	2	5	60%	8:00AM – 4:00PM UK Time
1	€STR Spread Contracts – Contracts 1-4	0.75	25	60%	8:00AM – 4:00PM UK Time
1	€STR Spread Contracts – Contracts 5-6	1	20	60%	8:00AM – 4:00PM UK Time
1	€STR Spread Contracts – Contracts 7-10	1.5	10	60%	8:00AM – 4:00PM UK Time
1	€STR-SR3 Intercommodity Spreads – Contract A, B, and C	1.5	10	60%	8:00AM – 4:00PM UK Time
1	€STR-SR3 Intercommodity Spreads – Contracts 1-2	1.5	5	60%	8:00AM – 4:00PM UK Time
1	€STR-RFR Intercommodity Spreads – Contract A, B, and C	3	10	60%	8:00AM – 4:00PM UK Time
1	€STR-RFR Intercommodity Spreads – Contracts 1-2	3	5	60%	8:00AM – 4:00PM UK Time
2	Outright €STR Contracts – Contract A, B, and C	1.5	15	60%	8:00AM – 4:00PM UK Time
2	Outright €STR Contracts – Contracts 1-4	1.5	15	60%	8:00AM – 4:00PM UK Time
2	Outright €STR Contracts – Contracts 5-6	2	10	60%	8:00AM – 4:00PM UK Time
2	Outright €STR Contracts – Contracts 7-10	2.5	5	60%	8:00AM – 4:00PM UK Time
2	€STR Spread Contracts – Contracts 1-4	1	25	60%	8:00AM – 4:00PM UK Time
2	€STR Spread Contracts – Contracts 5-6	1.5	20	60%	8:00AM – 4:00PM UK Time
2	€STR Spread Contracts – Contracts 7-10	2	10	60%	8:00AM – 4:00PM UK Time
2	€STR-SR3 Intercommodity Spreads – Contract A, B, and C	2	10	60%	8:00AM – 4:00PM UK Time
2	€STR-SR3 Intercommodity Spreads – Contracts 1-2	2	5	60%	8:00AM – 4:00PM UK Time
2	€STR-RFR Intercommodity Spreads – Contract A, B, and C	6	10	60%	8:00AM – 4:00PM UK Time
2	€STR-RFR Intercommodity Spreads – Contracts 1-2	6	5	60%	8:00AM – 4:00PM UK Time
3	Outright €STR Contracts –	2.5	15	60%	8:00AM –

	Contract A, B, and C				4:00PM UK Time
3	Outright €STR Contracts – Contracts 1-4	2.5	15	60%	8:00AM – 4:00PM UK Time
3	Outright €STR Contracts – Contracts 5-6	3	10	60%	8:00AM – 4:00PM UK Time
3	Outright €STR Contracts – Contracts 7-10	3	5	60%	8:00AM – 4:00PM UK Time
3	€STR Spread Contracts – Contracts 1-4	1.5	25	60%	8:00AM – 4:00PM UK Time
3	€STR Spread Contracts – Contracts 5-6	2	20	60%	8:00AM – 4:00PM UK Time
3	€STR Spread Contracts – Contracts 7-10	2.5	10	60%	8:00AM – 4:00PM UK Time
3	€STR-SR3 Intercommodity Spreads – Contract A, B, and C	3	10	60%	8:00AM – 4:00PM UK Time
3	€STR-SR3 Intercommodity Spreads – Contracts 1-2	3	5	60%	8:00AM – 4:00PM UK Time
4	Outright €STR Contracts – Contract A, B, and C	3	10	60%	8:00AM – 4:00PM UK Time
4	Outright €STR Contracts – Contracts 1-4	3	10	60%	8:00AM – 4:00PM UK Time
4	Outright €STR Contracts – Contracts 5-6	4	5	60%	8:00AM – 4:00PM UK Time
4	Outright €STR Contracts – Contracts 7-10	5	2	60%	8:00AM – 4:00PM UK Time
4	€STR Spread Contracts – Contracts 1-4	2	15	60%	8:00AM – 4:00PM UK Time
4	€STR Spread Contracts – Contracts 5-6	3	10	60%	8:00AM – 4:00PM UK Time
4	€STR Spread Contracts – Contracts 7-10	4	5	60%	8:00AM – 4:00PM UK Time

*Contracts A, B, and C are contracts in accrual (i.e., contracts in which the beginning of the reference period is past while the end of the reference period is upcoming). Contracts 1-10 are forward starting contracts (i.e., not in accrual) in chronological order.

RFR Outrights Voluntary Quoting Tier

Product	Width (Bps)	Size (Contracts)	Time-in-Market	Time-Period
Outright RFR Contracts – Contract A, B, and C	3	15	60%	8:00AM – 4:00PM UK Time
Outright RFR Contracts – Contracts 1-4	3	15	60%	8:00AM – 4:00PM UK Time

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	Holiday
1/2/2023	New Year's (Observed)

4/7/2023	Good Friday
4/10/2023	Easter Monday

Incentives

Upon meeting all requirements, as determined by the Exchange, participants will receive predetermined incentives.

~~*Fee Waivers:* Upon meeting all obligations in at least one (1) Main Quoting Tier, as determined by the Exchange, participants will receive fee waivers for all volume in €STR and RFR outrights and spreads.~~

~~*Main Quoting Tiers Fee Credits:* Upon meeting all obligations in at least one (1) Main Quoting Tier, as determined by the Exchange, participants will receive fee credits for all volume in €STR and RFR outrights and spreads corresponding to the highest Tier achieved (fee credits are not additive):~~

- ~~(i) Tier 1: \$1.50 per side, capped at \$15,000 per participant per month~~
- ~~(ii) Tier 2: \$1.20 per side, capped at \$12,000 per participant per month~~
- ~~(iii) Tier 3: \$1.00 per side, capped at \$10,000 per participant per month~~
- ~~(iv) Tier 4: \$0.50 per side, capped at \$5,000 per participant per month~~

~~*RFR Outrights Voluntary Quoting Tier Fee Credits:* Upon meeting all obligations in the RFR Outrights Voluntary Quoting Tier, as determined by the Exchange, participants will receive fee credits of \$2.00 per side for each RFR contract traded, capped at \$5,000 per month per participant. Participants are eligible to receive the RFR Outrights Voluntary Quoting Tier Fee Credits in addition to the Main Quoting Tiers Fee Credits above.~~

~~*Monthly Stipend:* Upon meeting all obligations in either Tier 1, 2, or 3 of the Main Quoting Tiers, as determined by the Exchange, participants will receive a stipend corresponding to the highest Tier achieved (stipends are not additive):~~

- ~~(i) Tier 1: \$15,000~~
- ~~(ii) Tier 2: \$10,000~~
- ~~(iii) Tier 3: \$5,000~~

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.

~~Beginning January 2023, if the Exchange determines that a participant has not met its quoting obligations during one (1) calendar month 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 that applicable month.~~

~~Beginning January 2023, 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 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.~~