

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 21-318

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

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): July 16, 2021 Filing Description: Modifications to the Eurodollar Pack and Bundle Deferred Contract Liquidity Program

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: N/A

**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

July 16, 2021

**VIA ELECTRONIC PORTAL**

Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

**RE: Modifications to the Eurodollar Pack and Bundle Deferred Contract Liquidity Program  
CME Submission No. 21-318**

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 Pack and Bundle Deferred Contract Liquidity Program ("Program"). The modifications to the Program will become effective on August 1, 2021.

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 all market participants that trade 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 this 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](mailto:CMEGSubmissionInquiry@cmegroup.com) or contact Rachel Johnson at 312-466-4393 or via e-mail at [Rachel.Johnson@cmegroup.com](mailto:Rachel.Johnson@cmegroup.com). Please reference our CME Submission No. 21-318 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## Eurodollar Pack and Bundle Deferred Contract Liquidity Program

### Program Purpose

The purpose of this Program is to develop increased liquidity and encourage trading in specific deferred month Eurodollar and SOFR packs and bundles and their related Eurodollar and SOFR futures contracts which are at present less liquid by comparison with the broader ~~Eurodollar Futures~~ complex. Increased liquidity in these contracts benefits the entire marketplace.

### Product Scope

Eurodollar (“ED”) and Three-Month SOFR (“SR3”) Pack and Bundle Futures contracts traded on Globex® (“Products”).

### Eligible Participants

The Exchange may designate up to twenty (20) participants in the Program. Participants must be CME members. All prospective participants are required to submit a Bid Sheet to the Exchange which is used to determine eligibility. Exchange staff looks at a variety of factors when selecting participants including, but not limited to, historical performance in the Products or related markets, previous experience in trading and market making of deferred Eurodollar and Three-Month SOFR contracts, and the ability to commit to and maintain continuous two-sided markets in the Products.

### Program Term

Start date is January 1, 2015. End date is January 31, 2022.

### Hours

7:00AM – 4:00PM CT.

### Obligations

Minimum Quoting Obligations: In order to be eligible to receive incentives, participants must select and comply with at least one (1) set of quoting obligations ~~such as the target obligations~~ set forth in the Quoting Buckets below. Participants must comply with the selected quoting obligations for 65% of the applicable trading session each month.

Bucket 1 – ED		
Instrument	Max Spread	Contracts
3-Year Bundle	0.5	15
4-Year Bundle	0.5	10
5-Year Bundle	0.5	5
Green Pack	0.5	25

Blue Pack	0.5	15
Gold Pack	0.75	10

<b>Bucket 2 – ED</b>		
<b>Instrument</b>	<b>Max Spread</b>	<b>Contracts</b>
3-Year Bundle	0.5	20
4-Year Bundle	0.5	15
5-Year Bundle	0.5	15

<b>Bucket 3 – ED</b>		
<b>Instrument</b>	<b>Max Spread</b>	<b>Contracts</b>
Green Pack	0.5	50
Blue Pack	0.5	30
Gold Pack	0.75	30
Purple Pack	1.25	5

<b>Bucket 4 – ED</b>		
<b>Instrument</b>	<b>Max Spread</b>	<b>Contracts</b>
Green Pack	0.5	35
Blue Pack	0.5	35
Green/Blue	0.5	50
Blue/Gold	0.5	50

<b>Bucket 5 – ED</b>		
<b>Instrument</b>	<b>Max Spread</b>	<b>Contracts</b>
4-Year Bundle	0.5	15
5-Year Bundle	0.5	10
Blue Pack	0.5	15
Gold Pack	0.75	10
Purple Pack	1.25	5
Green/Blue PS	0.5	15
Blue/Gold PS	0.5	10
Gold/Purple PS	1.25	5

<b>Bucket 6 – SR3</b>		
<b>Instrument</b>	<b>Max Spread</b>	<b>Contracts</b>
<u>3-Year Bundle</u>	<u>0.5</u>	<u>15</u>
<u>4-Year Bundle</u>	<u>0.5</u>	<u>10</u>
<u>5-Year Bundle</u>	<u>0.5</u>	<u>5</u>
<u>Green Pack</u>	<u>0.5</u>	<u>25</u>
<u>Blue Pack</u>	<u>0.5</u>	<u>15</u>
<u>Gold Pack</u>	<u>0.75</u>	<u>10</u>

<b>Bucket 7 – SR3</b>		
<b>Instrument</b>	<b>Max Spread</b>	<b>Contracts</b>
<u>Green Pack</u>	<u>0.5</u>	<u>35</u>

<u>Blue Pack</u>	<u>0.5</u>	<u>35</u>
<u>Green/Blue</u>	<u>0.5</u>	<u>50</u>
<u>Blue/Gold</u>	<u>0.5</u>	<u>50</u>

<b>Bucket 8 – SR3</b>		
<b><u>Instrument</u></b>	<b><u>Max Spread</u></b>	<b><u>Contracts</u></b>
<u>3-Year Bundle</u>	<u>0.5</u>	<u>20</u>
<u>4-Year Bundle</u>	<u>0.5</u>	<u>15</u>
<u>5-Year Bundle</u>	<u>0.5</u>	<u>15</u>

**Extreme Events Clause:** If 10-Year CME Group Volatility Index (CVOL) is 105 or greater for at least three (3) days in a given calendar month, the obligations below may be implemented. Participants will be given notice that the Extreme Events Clause has taken effect.

- (i) Bid/Ask Spread: Increased by 2X
- (ii) Size: Decreased by 0.5X (rounded up)

**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.

<b>Date</b>	<b>Holiday</b>	<b>Quoting Obligation</b>
<u>2/15/2021</u>	<u>Presidents' Day</u>	<u>None</u>
<u>4/2/2021</u>	<u>Good Friday</u>	<u>None</u>
<u>5/31/2021</u>	<u>Memorial Day</u>	<u>None</u>
<u>7/2/2021</u>	<u>Independence Day (Observed)</u>	<u>None</u>
<u>9/6/2021</u>	<u>Labor Day</u>	<u>None</u>
<u>10/12/2021</u>	<u>Columbus Day</u>	<u>None</u>
<u>11/11/2021</u>	<u>Veterans Day</u>	<u>None</u>
<u>11/25/2021</u>	<u>Thanksgiving</u>	<u>None</u>
<u>11/26/2021</u>	<u>Day After Thanksgiving</u>	<u>None</u>
<u>12/24/2021</u>	<u>Christmas Eve</u>	<u>None</u>
<u>12/27/2021</u>	<u>Christmas (Observed)</u>	<u>None</u>
<u>12/31/2021</u>	<u>New Year's Eve</u>	<u>None</u>
<u>1/4/2022</u>	<u>New Year's Day (Observed)</u>	<u>None</u>
<u>1/17/2022</u>	<u>Birthday of Martin Luther King, Jr.</u>	<u>None</u>

### **Program Incentives**

**ED Fee Discounts:** Upon meeting all quoting obligations in one (1) ED Bucket, as determined by the Exchange, participants ~~may be eligible to~~ will receive a \$0.08 discount on fees for applicable volume traded in the ~~Products~~ ED.

**SR3 Fee Discounts:** Upon meeting all quoting obligations in one (1) SR3 Bucket, as determined by the Exchange, participants will receive a \$0.08 discount on fees for applicable volume traded in SR3.

**ED Fee Discount Credits:** Upon meeting all quoting obligations in one (1) ED Bucket, as determined by the Exchange, participants ~~may be eligible to~~ will receive fee discount credits which may be applied to certain fees incurred from other Eurodollar futures volume traded in the same month. Fee credits will have a value of \$0.06 each. Only one (1) credit may be applied for each non-Pack and Bundle Eurodollar

Future traded. Fee credits will be calculated in accordance with the Fee Credit Multiplier Schedule table below.

SR3 Fee Credits: Upon meeting all quoting obligations in one (1) SR3 Bucket, as determined by the Exchange, participants will receive fee credits which may be applied to certain fees incurred from other Three-Month SOFR futures volume traded in the same month. Fee credits will have a value of \$0.06 each. Only one (1) credit may be applied for each non-Pack and Bundle Three-Month SOFR Future traded. Fee credits will be calculated in accordance with the Fee Credit Multiplier Schedule table below.

<b>Year Bracket of Contract Expiration Month</b>	<b>Fee Discount Credits/Leg</b>
Green Packs / 3Y Bundles	7 fee credits (per leg)
Blue Packs and beyond / 4Y & 5Y Bundles	15 fee credits (per leg)

*\*In the case of applicable spread types that span multiple color years the color year of the longest component of the spread will determine the multiplier to be applied.*

### **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 requirements of the Program.

If the Exchange determines that a participant has not met its quoting obligations during ~~two (2)~~ one (1) 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~~ that 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.