

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 20-415

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

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): Spetember 18, 2020 Filing Description: Modifications to the MAC Swap Futures Incentive 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

September 18, 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 MAC Swap Futures Incentive Program  
CBOT Submission No. 20-415**

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 MAC Swap Futures Incentive Program ("Program"). The modifications to the Program will become effective on October 5, 2020.

Exhibit 1 sets forth the terms of the Program. Modifications appear below, with additions underscored and deletions ~~overstruck~~.

The Exchange 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: Execution of Transactions, Protection of Market Participants, Contracts Not Readily Subject to Manipulation, Recordkeeping, and Compliance with Rules.

The Program does not impact CBOT's ability to perform its trade practice and market surveillance obligations under the CEA. CBOT's market regulation staff will monitor all trading in the Program's products to prevent manipulative trading and market abuse. The Program does not impact CBOT's order execution. Market participants that meet the criteria described in Exhibit 1 shall be entitled to participate. CBOT rules include prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program is subject to these rules. The Program is subject to recordkeeping requirements that comply with the CEA.

The Exchange 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 CME Group 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 CBOT Submission No. 20-415 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## MAC Swap Futures Incentive Program

### **Program Purpose**

The purpose of this Program is to incentivize trading in the products listed below. The resulting increase in liquidity for the products listed below benefits all participant segments in the market.

### **Product Scope**

All USD MAC Swap Futures (LIBOR and SOFR-based) traded on CME Globex (“Products”).

### **Eligible Participants**

There is no limit to the number of participants that may participate in the Program. The Program is available to both members and non-members.

### **Program Term**

Start date is July 1, 2014. End date is June 30, 2021.

### **Hours**

Regular Trading Hours (“RTH”) (7:00AM – 4:00PM CST).

### **Obligations**

*Minimum Quoting Obligations:* In order to be eligible to receive certain incentives, participants must quote continuous two-sided markets at maximum bid/ask spreads and minimum quote sizes in accordance with the baseline quoting obligations listed in the table below. Notwithstanding the foregoing, the Exchange may vary the baseline quoting obligations as it deems necessary based on ongoing evaluations of the Program.

#### **Tier 1**

Product	Ticker	Width (Ticks)	Width (Index Pts)	Width (USD)	Size (Contracts)	Time-in-Market (“TIM”)	Time Period
5-Year MAC Swap Future Front Month	F1U	1 (32nds)	0.03125	\$31.25	250	65%	7:00AM – 4:00PM
10-Year MAC Swap Future Front Month	N1U	1.5 (32nds)	0.046875	\$46.875	100	65%	7:00AM – 4:00PM

## Tier 2

<u>Product</u>	<u>Ticker</u>	<u>Width (Ticks)</u>	<u>Width (Index Pts)</u>	<u>Width (USD)</u>	<u>Size (Contracts)</u>	<u>Time-in-Market ("TIM")</u>	<u>Time Period</u>
<u>5-Year SOFR MAC Swap Future Front Month</u>	<u>F1S</u>	<u>1 (32nds)</u>	<u>0.03125</u>	<u>\$31.25</u>	<u>50</u>	<u>65%</u>	<u>7:00AM – 4:00PM</u>
<u>10-Year SOFR MAC Swap Future Front Month</u>	<u>N1S</u>	<u>1.5 (32nds)</u>	<u>0.046875</u>	<u>\$46.875</u>	<u>25</u>	<u>65%</u>	<u>7:00AM – 4:00PM</u>

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.

<u>Holiday</u>	<u>Date</u>
<u>Independence Day (Observed)</u>	<u>7/3/2020</u>
<u>Labor Day</u>	<u>9/7/2020</u>
<u>Columbus Day</u>	<u>10/12/2020</u>
<u>Veterans Day</u>	<u>11/11/2020</u>
<u>Thanksgiving</u>	<u>11/26/2020</u>
<u>Day After Thanksgiving</u>	<u>11/27/2020</u>
<u>Christmas Eve</u>	<u>12/24/2020</u>
<u>Christmas</u>	<u>12/25/2020</u>
<u>New Year's Day</u>	<u>1/1/2021</u>
<u>Birthday of Dr. Martin Luther King, Jr.</u>	<u>1/18/2021</u>
<u>Presidents' Day</u>	<u>2/15/2021</u>
<u>Good Friday</u>	<u>4/2/2021</u>
<u>Memorial Day</u>	<u>5/31/2021</u>

## Incentives

Fee Credits\*: Participants will be eligible to receive fee credits per side traded in the Products LIBOR and SOFR-based USD MAC Swap Futures in accordance with the table below. Fee credits will be capped at \$35,000 per month per firm. Fee credits apply to CME Globex outright trades, intercommodity spreads during all months, and calendar spreads during non-roll months only (roll months are March, June, September, and December). Fee credits do not apply to ex-pit trades.

<u>Progressive ADV Tiers (LIBOR and SOFR-based USD MAC Swap Futures)</u>	<u>Quoting Requirements Met</u>	<u>Quoting Requirements Not Met</u>
<u>0 – 250</u>	<u>\$0.25</u>	<u>\$0.00</u>
<u>251 – 750</u>	<u>\$0.30</u>	<u>\$0.20</u>

751+	\$0.50	\$0.30
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\*The Fee Credits set forth above will be reduced by 10% for all non-member participants.

Tier 1 Member Fee Waivers: Upon meeting the Tier 1 Minimum Quoting Obligations, as determined by the Exchange, member participants will receive Globex and ex-pit fee waivers in the Products LIBOR and SOFR-based USD MAC Swap Futures.

Tier 2 Member Fee Waivers: Upon meeting the Tier 2 Minimum Quoting Obligations, as determined by the Exchange, member participants will receive Globex and ex-pit fee waivers in SOFR-based USD MAC Swap Futures.

Tier 1 Non-Member Fee Discounts: Upon meeting the Tier 1 Minimum Quoting Obligations, as determined by the Exchange, non-member participants will pay a discounted rate of \$0.17 per contract side traded in the Products LIBOR and SOFR-based USD MAC Swap Futures on Globex or ex-pit.

Tier 2 Non-Member Fee Discounts: Upon meeting the Tier 2 Minimum Quoting Obligations, as determined by the Exchange, non-member participants will pay a discounted rate of \$0.17 per side traded in SOFR-based USD MAC Swap Futures on Globex or ex-pit.

Volume Discounts: All participants that do not meet the Tier 1 or Tier 2 Minimum Quoting Obligations in a given month but meet the volume thresholds set forth below will be eligible for discounted rates in the Products as follows:

<b>Progressive ADV Tiers (LIBOR and SOFR-based USD MAC Swap Futures)</b>	<b>Member Discounted Rate</b>	<b>Non-Member Discounted Rate</b>
0 – 99	No Discount	No Discount
100+	\$0.00	\$0.17

OTC IRS Delivery Fee Waiver: All ~~Program~~ participants will have OTC IRS clearing fees waived on activity associated with futures delivery for positions directly related to the participants' account and the associated OTC IRS position account.

### **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. Excluding the aforementioned exceptions, participants must meet quoting obligations for all subsequent months in order to continue to receive the ~~Program~~ 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.