

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 21-512 (2 of 2)

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): November 15, 2021 Filing Description: Implementation of the SOFR Options Broker Incentive Program

**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: Not Applicable

**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

November 15, 2021

**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: Implementation of the SOFR Options Broker Incentive Program  
CBOT Submission No. 21-512 (2 of 2)**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME") and The Board of Trade of the City of Chicago, Inc. ("CBOT") (collectively, the "Exchanges") hereby notify the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to implement the SOFR Options Broker Incentive Program ("Program"). The proposed Program will become effective on December 1, 2021.

Exhibit 1 sets forth the terms of this Program.

The Exchanges reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, the 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 will not impact the Exchanges' ability to perform their trade practice and market surveillance obligations under the CEA. The Exchanges' market regulation staff will monitor trading in the Program's products in order to prevent manipulative trading and market abuse. The Program does not impact the Exchanges' order execution. Participants in the Program will be selected by the Exchanges' staff using criteria as set forth in Exhibit 1. Chapter 4 of the Exchanges' rules includes prohibitions against fraudulent, non-competitive, unfair, or abusive practices. All participants must execute a contractual agreement with the Exchanges in which each participant will expressly agree to comply with, and be subject to, applicable regulations and the Exchanges' rules. Additionally, the Program is subject to the Exchanges' record retention policies, which comply fully with the CEA.

The Exchanges certify that the Program complies with the CEA and the regulations thereunder. There were no substantive opposing views to the Program.

The Exchanges certify that this submission has been concurrently posted on the Exchanges' 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. 21-512 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## SOFR Options Broker Incentive Program

### **Program Purpose**

The purpose of this Program is to encourage executing brokers to increase their volume in the products listed below, enhancing market liquidity for the products. A more liquid contract benefits all participants in the market.

### **Product Scope**

All CME and CBOT Interest Rate (“IR”) futures and options products (“Products”).

### **Eligible Participants**

There is no limit to the number of executing brokers who may participate in the Program. Participants may be CME or CBOT members or non-members. In order to qualify for the Program, participants must have met one (1) of the following criteria:

- (i) Executed at least 750,000 interest rate give ups per month in two (2) of three (3) consecutive calendar months over the previous twenty-four (24) calendar months, and at least 55% of the total interest rate (futures and options) give up volume must be from interest rate options, or
- (ii) Must have been enrolled and received incentives through the CME/CBOT Interest Rate Options Give Up Incentive Program since 2019.

### **Program Term**

Start date is December 1, 2021. End date is July 31, 2022.

### **Hours**

N/A

### **Obligations**

In order to receive the incentives, participants must execute a minimum of 500,000 CME short-term interest rate (“STIR”) option give ups during each calendar month.

### **Incentives**

Upon meeting all obligations, as determined by the Exchanges, eligible participants will receive a fee credit of \$0.10 for each SOFR option give up, capped at \$60,000 per month, per participant.

### **Monitoring and Termination of Status**

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