

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 24-028

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 4, 2024 Filing Description: Modifications to the CME STIR Futures Pack and Bundle Market Maker 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:

January 4, 2024

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 CME STIR Futures Pack and Bundle Market Maker Program
CME Submission No. 24-028**

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 CME STIR Futures Pack and Bundle Market Maker Program (“Program”). The modifications to the Program will become effective on February 1, 2024.

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 or contact Rachel Johnson at 312-466-4393 or via e-mail at Rachel.Johnson@cmegroup.com. Please reference our CME Submission No. 24-028 in any related correspondence.

Sincerely,

/s/ Timothy Elliott
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

CME STIR Futures Pack and Bundle Market Maker Program

Program Purpose

The purpose of this Program is to develop increased liquidity and encourage trading in shorter-dated SOFR packs and bundles. Increased liquidity in these contracts benefits the entire marketplace.

Product Scope

Three-Month SOFR Futures (“SR3”) traded on the CME Globex® Platform (“Product”).

Eligible Participants

The Exchange may designate up to thirty (30) participants in the Program. Participants may be CME members or non-members. Non-member participants must have been enrolled in and met the quoting obligations in any short-term interest rate incentive program for at least one (1) month in the previous six (6) months prior to enrolling in this Program. 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 Product or related markets, previous experience in trading and market making in the Product, and the ability to commit to and maintain continuous two-sided markets in the Product.

Program Term

Start date is January 1, 2015. End date is ~~January 31, 2024~~ January 31, 2025.

Hours

6:00AM – 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 set forth in the Quoting Buckets below. Participants must comply with the selected quoting obligations for 60% of the applicable trading session each month.

Quoting Bucket 1		
Product	Width (Bps)	Size (Contracts)
Green Pack	1.25	30
Blue Pack	1.25	20
Gold Pack	1.50	10
4-Year Bundle	1.00	10
5-Year Bundle	1.00	5

Quoting Bucket 2		
Product	Width (Bps)	Size (Contracts)
Red/Green	0.75	25
Green/Blue	1.00	20
Blue/Gold	1.25	10
3-Year Bundle	1.00	15
4-Year Bundle	1.00	10

Quoting Bucket 3		
Product	Width (Bps)	Size (Contracts)
Green Pack	1.25	30
Blue Pack	1.25	20
Gold Pack	1.50	10
Green/Blue	1.00	20
Blue/Gold	1.25	10

Quoting Bucket 4		
Product	Width (Bps)	Size (Contracts)
White Pack	1.00	40
Red Pack	1.00	30
White/Red	0.75	30
2-Year Bundle	1.00	20

Extreme Events Clause: If 2-Year Treasury (Yield) CME Group Volatility Index (CVOL) is 180 or greater for at least three (3) days in a given calendar month, the obligations below may be implemented across all Quoting Buckets.

- (i) Bid/Ask Spread: Increased by 1.5X, rounded to the nearest valid tick increment

If 2-Year Treasury (Yield) CVOL is 240 or greater on any day in a given calendar month, the Exchange may reduce the time-in-market across all Quoting Buckets. The time-in-market reduction is subject to a floor of 20%.

Notwithstanding the foregoing, the Exchange may further reduce the bid/ask spreads, sizes, or time-in-market obligations based on ongoing evaluations of market conditions and volatility. Participants will be given notice that the Extreme Events Clause has taken effect.

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
9/4/2023	Labor Day
11/23/2023	Thanksgiving
12/25/2023	Christmas

<u>1/1/2024</u>	<u>New Year's</u>
<u>1/15/2024</u>	<u>Birthday of Dr. Martin Luther King, Jr.</u>
<u>2/19/2024</u>	<u>Presidents' Day</u>
<u>3/29/2024</u>	<u>Good Friday</u>
<u>5/27/2024</u>	<u>Memorial Day</u>
<u>6/19/2024</u>	<u>Juneteenth</u>
<u>7/4/2024</u>	<u>Independence Day</u>
<u>9/2/2024</u>	<u>Labor Day</u>
<u>10/14/2024</u>	<u>Columbus Day</u>
<u>11/11/2024</u>	<u>Veterans Day</u>
<u>11/28/2024</u>	<u>Thanksgiving</u>
<u>11/29/2024</u>	<u>Post-Thanksgiving</u>
<u>12/24/2024</u>	<u>Christmas Eve</u>
<u>12/25/2024</u>	<u>Christmas</u>
<u>1/1/2025</u>	<u>New Year's</u>
<u>1/20/2025</u>	<u>Birthday of Dr. Martin Luther King, Jr.</u>

Incentives*

Pack & Bundle Fee Discounts: Upon meeting all obligations in Quoting Bucket 1, 2, or 3, as determined by the Exchange, participants will receive a \$0.08 discount on all pack and bundle trading in the Product.

Non-Pack & Bundle Fee Discounts: Upon meeting all obligations in Quoting Bucket 1, 2, or 3, as determined by the Exchange, participants will receive a \$0.06 discount on all non-pack and bundle trading in the Product. Fee discounts will be earned based on trading of packs and bundles in the Green Packs and beyond. Fee discounts will be calculated in accordance with the Fee Discount Multiplier Schedule table below.

Fee Discount Multiplier Schedule*

Product	Fee Discount Credits (Per Leg)
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.*

Fee Credits: Upon meeting all obligations in Quoting Bucket 4, as determined by the Exchange, participants will receive a fee credit of \$0.20 per side per leg on pack and bundle volume in the Product. Fee credits will be capped at ~~\$15,000~~ \$10,000 per month, per participant.

***Credits earned in a given month must be applied to SR3 volumes traded in the designated market making accounts in that same month. Unused credits in a given month do not carry over to the following month.**

****Participants are not eligible to receive the \$0.05 back-month discount on Golds and beyond.**

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 ~~one (1)~~ two (2) 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 ~~that~~ each applicable month.

If the Exchange determines that a participant has not met its quoting obligations during an 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.