

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 24-045

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 9, 2024 Filing Description: Modifications to the CME Commodity Trading Advisors/Hedge Fund 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:



Timothy Elliott
Managing Director and Chief Regulatory Counsel
Legal Department

January 9, 2024

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 CME Commodity Trading Advisors/Hedge Fund Incentive Program
CME Submission No. 24-045**

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 Commodity Trading Advisors ("CTA")/Hedge Fund Incentive Program ("Program"). The modifications to the Program will become effective on February 1, 2024.

Exhibit 1 sets forth the terms of the 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 incentivize manipulative trading or market abuse and does not impact the Exchange's ability to perform its trade practice and market surveillance obligations under the CEA. The Exchange's market regulation staff will monitor trading in the Program's products to prevent manipulative trading and market abuse. The Program does not impact the Exchange's order execution. Participants in the Program will be selected by the Exchange's staff using criteria as further stated in Exhibit 1. Chapter 4 of the Exchange rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program is subject to these rules. The Program is subject to the Exchange's record retention policies which comply with the CEA.

CME 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 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. 24-045 in any related correspondence.

Sincerely,

/s/ Timothy Elliott
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

CME CTA/HEDGE FUND INCENTIVE PROGRAM

Program Purpose

The purpose of this Program is to incentivize CTAs and hedge funds to trade FX products on the CME Globex® Platform (“Globex”). The resulting increase in central limit order book liquidity for FX products on the ~~CME Globex® Platform~~ benefits all participant segments in the market.

Product Scope

All ~~standard-size~~ FX futures and options contracts that are traded on the ~~CME Globex® Platform~~ and submitted via CME ClearPort ~~block transactions in FX options~~ (“Products”).

Eligible Participants

There is no limit to the number of participants that may be selected for the Program. All approved CTAs and their managed accounts including: individual, non-hedge funds, and hedge funds may participate. CTAs, their managed accounts of individuals, non-hedge funds, and hedge funds must meet the following criteria to qualify for the Program:

- Be a registered CTA or qualify for an exemption pursuant to CFTC Regulations 4.14(a)(4), 4.14(a)(5), 4.14(a)(8)(i)(D), 4.14(a)(10), or 3.10(c)(3)(i),
- Complete a Program application and provide all required supporting documentation for each managed individual, non-hedge fund, and/or hedge fund to be registered in the Program, including:
 - A list of all managed accounts owned by individuals, non-hedge funds, and funds and the CME clearing member account(s) for each,
 - Confirmation of an open and funded clearing account(s) for each account,
 - A copy of the document pursuant to which the Fund grants the investment manager or CTA discretionary trading authority or control over its clearing account(s).

Program Term

Start date is December 23, 2011. End date is ~~January 31, 2024~~ January 31, 2025.

Hours

~~The incentives will apply to all trades made in the Products by all participants regardless of the execution time.~~ N/A

Incentives

~~Upon meeting all obligations, as determined by the Exchange, participants may be eligible to receive predetermined incentives.~~

Fee Discounts: Once accepted into the Program, all participants will be eligible to receive progressive fee volume discounts for trades executed in standard-size FX futures and options on Globex and via CME ClearPort, excluding transactions via FX Link. New participants will receive the lower of \$1.20 or the discounted rate based on their prior calendar quarter’s average daily volume (“ADV”) in all FX futures and options executed on Globex or submitted via CME ClearPort, inclusive of FX Link and standard, micro,

and mini-sized contracts (“Qualifying Volume”). After new participants have been in the Program for one (1) full calendar quarter, the applicable rates charged will be based on each respective participant’s Qualifying Volume. Fee discounts will be based on the latest calendar quarterly Qualifying Volume, measured over the preceding three (3) month period, and the fee discounts set forth below will apply to standard-size FX futures and options in the next calendar quarter as follows:

<u>Prior Quarter Qualifying Volume (sides)</u>	<u>Current Quarter Exchange Fee Rate</u>	
	<u>Futures & Options: Globex, EFP, and EFR Transactions</u>	<u>Options: Blocks</u>
0 – 24	\$1.60	\$1.60
25 – 250	\$1.20	\$1.20
251 – 1,000	\$1.00	\$1.00
1,001 – 2,000	\$0.90	\$0.90
2,001 – 5,000	\$0.80	\$0.80
5,001 – 7,500	\$0.70	\$0.80
7,501 +	\$0.60	\$0.80

FX Link Fee Discounts: All participants that trade standard-size futures via FX Link will receive a flat rate of \$0.60 per contract side traded.

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 of the Program.