SUBMISSION COVER SHEET

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

Registered Entity Identifier Code (optional): <u>24-080 (1 of 2)</u>

Organization: <u>Chicago Mercantile Exchange Inc. ("CME")</u>

Filing as a: ☒ **DCM**   ☐ **SEF**   ☐ **DCO**   ☐ **SDR**

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): <u>02/26/24</u>   Filing Description: <u>Basis Trade at Index Close (BTIC)</u> <u>Transaction Eligibility in Connection with CME CF Reference Rates Asia Pacific for</u> <u>Bitcoin Futures, Micro Bitcoin Futures, Ether Futures and Micro Ether Futures Contracts</u>

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:

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

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: <u>See filing.</u>

Rule Numbers: <u>See filing.</u>

CME Group

Timothy Elliott
Managing Director and Chief Regulatory Counsel
Legal Department

February 26, 2024

VIA ELECTRONIC PORTAL

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

> **Re: CFTC Regulation 40.6(a) Certification. Basis Trade at Index Close (BTIC) Transaction Eligibility in Connection with CME CF Reference Rates Asia Pacific for Bitcoin Futures, Micro Bitcoin Futures, Ether Futures and Micro Ether Futures Contracts.**
> **CME Submission No. 24-080 (1 of 2)**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") certifies to the Commodity Futures Trading Commission ("CFTC" or "Commission") the eligibility of Basis Trade at Index Close ("BTIC") transactions for Bitcoin Futures, Micro Bitcoin Futures, Ether Futures, and Micro Ether Futures contracts (the "Contracts") to the relative CME CF Reference Rate published at 4:00 p.m. Hong Kong/Singapore time for trading on the CME Globex electronic trading platform ("CME Globex") and for submission of clearing via CME ClearPort effective Sunday, March 17, 2024, for trade date Monday, March 18, 2024, as more specifically described in the table below (the "Rule Amendments").

BTIC Transaction	Rulebook Chapter	Commodity Code	BTIC Code London Close	BTIC Code New York Close	BTIC Code APAC Close
BTIC on Bitcoin futures against APAC Close (Bitcoin Reference Rate APAC-BRRAP)	350	BTC	BTB	BNB	**ABB**
BTIC on Micro Bitcoin futures against APAC Close (Bitcoin Reference Rate APAC-BRRAP)	348	MBT	MIB	MYB	**AMB**
BTIC on Ether futures against APAC Close (Ether-Dollar Reference Rate APAC - ETHUSD_AP)	349	ETH	ETB	ENB	**ATB**
BTIC on Micro Ether futures against APAC Close (Ether-Dollar Reference Rate APAC - ETHUSD_AP)	347	MET	EMB	EYB	**AHB**

BTIC transactions shall remain available on the London close and New York close for the Contracts (see CME Submission No. 22-220 dated July 8, 2022).

The Rule Amendments will provide market participants with a means to accurately mark their positions using the reference rate at the Hong Kong/Singapore market close.

To facilitate such BTIC transactions, the Exchange will implement administrative amendments to the descriptive table in Rule 3XXX6. ("Basis Trade at Index Close ("BTIC") Transactions") within each respective rulebook chapter as noted in Exhibit A below in blackline format.

The Exchange reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act") and identified that the Rule Amendments may have some bearing on the following Core Principles:

Availability of General Information: The Exchange will release a Special Executive Report ("SER") regarding the Rule Amendments. The SER will also be posted on the CME Group website.

Daily Publication of Trading Information: CME will continue to publish contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contracts.

Prevention of Market Disruption: Trading in the Contracts will continue to be subject to the rules of the Exchange, which include prohibitions on manipulation, price distortion, and disruption to the cash settlement process.

Compliance with Rules: The Exchange will continue its normal practice to establish, monitor, and enforce compliance with the rules of the Contracts, including the expansion of the listing schedule of the Contracts.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the Rule Amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to the proposal.

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.

Should you have any questions concerning the above, please contact the undersigned at (312) 466-7478 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Timothy Elliott
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A   Amendments to CME Rulebook Chapters 347, 348, 349, and 350
                           (blackline format)
              Exhibit B   Exchange Fees
              Exhibit C   CME Rule 588.H. – ("Globex Non-Reviewable Trading Ranges") Table
              Exhibit D   CME Rule 589. – Special Price Fluctuation Limits and Daily Price Limits
                           Table

CME Rulebook

(additions **underscored**)
Chapter 350
Bitcoin Futures

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35006.   BASIS TRADE AT INDEX CLOSE ("BTIC") TRANSACTIONS

All BTIC transactions must be executed in accordance with the requirements of Rule 524.B. For the purpose of this section and Rule 524.B., BTIC enables market participants to execute a basis trade relative to the closing level of the Index value.

Closing Index Price at Which Basis Shall Be Determined	Index to Be Referenced	Index Publication Time
London Close	CME CF Bitcoin Reference Rate "BRR"	4:00 p.m. London time
New York Close	CME CF Bitcoin Reference Rate - New York Close "BRR_NY"	4:00 p.m. New York time
APAC Close	**CME CF Bitcoin Reference Rate - APAC "BRR_AP"**	**4:00 p.m. Hong Kong/Singapore time**

35006.A. Block Trade Requirements

BTIC block trades must be executed in accordance with the requirements of Rule 526.

For a BTIC or BTIC block trade executed prior to the publication of the Index on a given Trading Day, the corresponding futures price shall be made by reference to the closing Index value for the current Trading Day.

For a BTIC or BTIC block trade executed on a given Trading Day after the publication of the Index, the corresponding futures price shall be made by reference to the closing Index value for the next Trading Day.

35006.B. Price Assignment Procedures

The price assignment procedure for BTIC transactions shall follow Rule 524.B.3.

35006.C. Minimum Price Increments

The valid basis or price increment applied to the closing Index value to establish the BTIC futures price shall be an integer multiple of the contract minimum price increment, $1.00 per bitcoin, equal to $5.00 per contract.

35006.D. Market Disruption Events

In the event of disruption in the underlying market that precludes a valid Index value calculation, all pending and executed BTIC transactions in the corresponding futures contract shall be cancelled by the Exchange. Such disruption shall be declared by the Exchange in its sole discretion.

[End of Chapter.]

Chapter 349
Ether Futures

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34906.   BASIS TRADE AT INDEX CLOSE ("BTIC") TRANSACTIONS

All BTIC transactions must be executed in accordance with the requirements of Rule 524.B. For the purpose of this section and Rule 524.B., BTIC enables market participants to execute a basis trade relative to the closing level of the Index value.

Closing Index Price at Which Basis Shall Be Determined	Index to Be Referenced	Index Publication Time
London Close	CME CF Ether-Dollar Reference Rate "ETHUSD_RR"	4:00 p.m. London time
New York Close	CME CF Ether-Dollar Reference Rate - New York Close "ETHUSD_NY"	4:00 p.m. New York time
APAC Close	**CME CF Ether-Dollar Reference Rate – APAC Close "ETHUSD_AP"**	**4:00 p.m. Hong Kong/Singapore time**

34906.A. Block Trade Requirements

BTIC block trades must be executed in accordance with the requirements of Rule 526.

For a BTIC or BTIC block trade executed prior to the publication of the Index on a given Trading Day, the corresponding futures price shall be made by reference to the closing Index value for the current Trading Day.

For a BTIC or BTIC block trade executed on a given Trading Day after the publication of the Index, the corresponding futures price shall be made by reference to the closing Index value for the next Trading Day.

34906.B. Price Assignment Procedures

The price assignment procedure for BTIC transactions shall follow Rule 524.B.3.

34906.C. Minimum Price Increments

The valid basis or price increment applied to the closing Index value to establish the BTIC futures price shall be an integer multiple of the contract minimum price increment, $0.05 per ether, equal to $2.50 per contract.

34906.D. Market Disruption Events

In the event of disruption in the underlying market that precludes a valid Index value calculation, all pending and executed BTIC transactions in the corresponding futures contract shall be cancelled by the Exchange. Such disruption shall be declared by the Exchange in its sole discretion.

[End of Chapter.]

Chapter 348
Micro Bitcoin Futures

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34806.   BASIS TRADE AT INDEX CLOSE ("BTIC") TRANSACTIONS

All BTIC transactions must be executed in accordance with the requirements of Rule 524.B.

For the purpose of this section and Rule 524.B., BTIC enables market participants to execute a basis trade relative to the closing level of the Index value.

Closing Index Price at Which Basis Shall Be Determined	Index to Be Referenced	Index Publication Time
London Close	CME CF Bitcoin Reference Rate "BRR"	4:00 p.m. London time
New York Close	CME CF Bitcoin Reference Rate - New York Close "BRR_NY"	4:00 p.m. New York time
APAC Close	**CME CF Bitcoin Reference Rate - APAC "BRR_AP"**	**4:00 p.m. Hong Kong/Singapore time**

34806.A. Block Trade Requirements

BTIC block trades must be executed in accordance with the requirements of Rule 526.

For a BTIC or BTIC block trade executed prior to the publication of the Index on a given Trading Day, the corresponding futures price shall be made by reference to the closing Index value for the current Trading Day.

For a BTIC or BTIC block trade executed on a given Trading Day after the publication of the Index, the corresponding futures price shall be made by reference to the closing Index value for the next Trading Day.

34806.B. Price Assignment Procedures

The price assignment procedure for BTIC transactions shall follow Rule 524.B.3.

34806.C. Minimum Price Increments

The valid basis or price increment applied to the closing Index value to establish the BTIC futures price shall be an integer multiple of the contract minimum price increment, $1.00 per bitcoin, equal to $0.10 per contract.

34806.D. Market Disruption Events

In the event of disruption in the underlying market that precludes a valid Index value calculation, all pending and executed BTIC transactions in the corresponding futures contract shall be cancelled by the Exchange. Such disruption shall be declared by the Exchange in its sole discretion.

[End of Chapter.]

Chapter 347
Micro Ether Futures

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34706.   BASIS TRADE AT INDEX CLOSE ("BTIC") TRANSACTIONS

All BTIC transactions must be executed in accordance with the requirements of Rule 524.B. For the purpose of this section and Rule 524.B., BTIC enables market participants to execute a basis trade relative to the closing level of the Index value.

Closing Index Price at Which Basis Shall Be Determined	Index to Be Referenced	Index Publication Time
London Close	CME CF Ether-Dollar Reference Rate "ETHUSD_RR"	4:00 p.m. London time
New York Close	CME CF Ether-Dollar Reference Rate - New York Close "ETHUSD_NY"	4:00 p.m. New York time
APAC Close	**CME CF Ether-Dollar Reference Rate – APAC Close "ETHUSD_AP"**	**4:00 p.m. Hong Kong/Singapore time**

34706.A. Block Trade Requirements

BTIC block trades must be executed in accordance with the requirements of Rule 526.

For a BTIC or BTIC block trade executed prior to the publication of the Index on a given Trading Day, the corresponding futures price shall be made by reference to the closing Index value for the current Trading Day.

For a BTIC or BTIC block trade executed on a given Trading Day after the publication of the Index, the corresponding futures price shall be made by reference to the closing Index value for the next Trading Day.

34706.B. Price Assignment Procedures

The price assignment procedure for BTIC transactions shall follow Rule 524.B.3.

34706.C. Minimum Price Increments

The valid basis or price increment applied to the closing Index value to establish the BTIC futures price shall be an integer multiple of the contract minimum price increment, $0.10 per ether, equal to $0.01 per contract.

34706.D. Market Disruption Events

In the event of disruption in the underlying market that precludes a valid Index value calculation, all pending and executed BTIC transactions in the corresponding futures contract shall be cancelled by the Exchange. Such disruption shall be declared by the Exchange in its sole discretion.

[End of Chapter.]

Exhibit B

Exchange Fees

Membership Type	Venue/ Transaction Type	(BTC)	(MBT)	(ETH)	(MET)
Individual Members Clearing Equity Member Firms Rule 106.J Equity Member Firms Rule 106.J Qualified Subsidiaries Rule 106.I Member Firms Rule 106.I Qualified Affiliates Rule 106.S Member Approved Funds	BTIC	$4.50	$2.00	$3.67	$0.16
Rule 106.D Lessees Rule 106.F Employees	BTIC	$6.75	$3.20	$4.41	$0.26
Rule 106.R Electronic Corporate Member (For other than Globex - Non-Member rates apply)	Globex BTIC	$6.90	$3.30	$4.46	$0.24
Rule 106.H and 106.N Firms Clearing Non-Equity Member Firms	BTIC	$7.13	$3.55	$4.63	$0.29
International Incentive Program (IIP) Participants International Volume Incentive Program (IVIP) Participants	BTIC	$9.00	$4.00	$7.33	$0.32
Latin American Fund Manager Incentive Program (FMIP) Participants	BTIC	$9.00	$4.00	$7.33	$0.32
Non-Members *(Including: CTA/Hedge Fund Incentive Program Participants & CBOE Members)*	BTIC	$9.00	$4.00	$7.33	$0.32

Processing Fees	Fee
Position Adjustment/Position Transfer	$0.10
Give-Up Surcharge	$0.05
Facilitation Fee	$0.40

EAP discount as listed below:

CBOT Individual/Firm Members (Full) – will have the same rate as CME Equity Member rates;
CBOT Lessees (Full) – will have same rate as CME Lessee rates.

Exhibit C

CME Rulebook

Chapter 5

("Trading Qualifications and Practices")

Rule 588.H. – ("Globex Non-Reviewable Trading Ranges") Table

(additions <u>underscored</u>)

Instrument	Globex Symbol	Outrights			Spreads	
		Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Minimum Ticks	NRR: Globex Format	NRR: Minimum Ticks
BTIC on Bitcoin futures against APAC Close (Bitcoin Reference Rate APAC – BRRAP)	ABB	50% of the Underlying NRR	Variable	Variable	N/A	N/A
BTIC on Micro Bitcoin futures against APAC Close (Bitcoin Reference Rate APAC – BRRAP)	AMB	50% of the Underlying NRR	Variable	Variable	N/A	N/A
BTIC on Ether futures against APAC Close (Ether-Dollar Reference Rate APAC - ETHUSD_AP)	ATB	50% of the Underlying NRR	Variable	Variable	N/A	N/A
BTIC on Micro Ether futures against APAC Close (Ether-Dollar Reference Rate APAC - ETHUSD_AP)	AHB	50% of the Underlying NRR	Variable	Variable	N/A	N/A

CME Rulebook

Chapter 5

("Trading Qualifications and Practices")

Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table

(additions <u>underscored</u>)

Product	Rulebook Chapter	Commodity Code	PRIMARY/ ASSOCIATED	ASSOCIATED WITH	Dynamically Calculated Variant
<u>BTIC on Bitcoin futures against APAC Close (Bitcoin Reference Rate APAC – BRRAP)</u>	<u>350</u>	<u>ABB</u>	<u>Associated</u>	<u>BTC</u>	<u>Daily Price Limit Table</u>
<u>BTIC on Micro Bitcoin futures against APAC Close (Bitcoin Reference Rate APAC – BRRAP)</u>	<u>348</u>	<u>AMB</u>	<u>Associated</u>	<u>BTC</u>	<u>Daily Price Limit Table</u>
<u>BTIC on Ether futures against APAC Close (Ether-Dollar Reference Rate APAC - ETHUSD_AP)</u>	<u>349</u>	<u>ATB</u>	<u>Associated</u>	<u>ETH</u>	<u>Daily Price Limit Table</u>
<u>BTIC on Micro Ether futures against APAC Close (Ether-Dollar Reference Rate APAC - ETHUSD_AP)</u>	<u>347</u>	<u>AHB</u>	<u>Associated</u>	<u>ETH</u>	<u>Daily Price Limit Table</u>