

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 23-181

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): April 12, 2023 Filing Description: Modifications to the TBA Futures Market Maker 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.

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|--------------------------|---------------------------------------|------------|
| <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

April 12, 2023

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 TBA Futures Market Maker Program
CBOT Submission No. 23-181**

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 TBA Futures Market Maker Program ("Program"). The modifications to the Program will become effective on May 1, 2023.

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

CBOT 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: 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 trading in 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 CBOT 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 CBOT rules. The Program is subject to the Exchange's record retention policies which comply with the CEA.

CBOT 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 CBOT Submission No. 23-181 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

TBA Futures Market Maker Program

Program Purpose

The purpose of this Program is to encourage participants to support the launch and development of the products listed below. More liquid contracts on the central limit order book benefits all participants in the marketplace.

Product Scope

All TBA Futures (collectively, the “Products”).

Eligible Participants

The Exchange may designate up to seven (7) participants for the Program. Participants must be CBOT members. Prospective participants are required to submit an application/bid sheet to the Exchange as part of a competitive application process which is used to determine eligibility. In determining whether a prospective participant is selected to participate in the Program, Exchange staff may take into account a variety of factors including the strength of the quoting obligations the prospective participant is willing to commit to provide, whether Exchange staff believes that the prospective participant can maintain such obligations, and historical volume trading similar contracts. The Exchange may, from time to time, add or subtract from the aforementioned requirements as it deems necessary.

Program Term

Start date is November 7, 2022. End date is ~~April 30, 2023~~ October 31, 2023.

Hours

RTH (7:00AM – 4:00PM CT).

Obligations

Minimum Quoting Obligations: In order to be eligible to receive incentives, each calendar month participants must quote continuous two-sided markets in the Products at maximum bid/ask spreads and minimum quote sizes in accordance with the baseline quoting obligations set forth in the table below. Participants must quote both Modules. Participants may choose to quote any instrument(s) from each Module. Notwithstanding the foregoing, the Exchange may vary the quoting obligations as it deems necessary based on ongoing evaluations of the Program.

Module 1

Product	Width	Width (USD)	Size (Contracts)	Time-in-Market	Time Period
Month 1	2/32nd 4/32 nd	0.0625 0.125	20 30	33.75 40.5 hours per day, on	

Month 2	<u>2/32nd</u> <u>4/32nd</u>	<u>0.0625</u> <u>0.125</u>	<u>10</u> <u>20</u>	average over the month, across any number of instruments in the Module	7:00AM – 4:00PM CT
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Module 2

Product	Width	Width (USD)	Size (Contracts)	Time-in-Market	Time Period
Calendar Spreads	<u>0.75/32nd</u> <u>1.5/32nd</u>	<u>0.0234375</u> <u>0.046875</u>	<u>25</u> <u>40</u>	27 <u>33.75</u> hours per day, on average over the month, across any number of instruments in the Module	7:00AM – 4:00PM CT
Coupon Spreads	<u>2/32nd</u> <u>4/32nd</u>	<u>0.0625</u> <u>0.125</u>	<u>25</u> <u>30</u>		

Extreme Events Clause: If 10-Year CME Group Volatility Index (CVOL) is ~~445~~ 170 or greater for at least ~~four (4)~~ three (3) days in a given calendar month, the Exchange may increase the bid/ask spreads by 1.5X. ~~obligations below may be implemented. Participants will be given notice that the Extreme Events Clause has taken effect.~~

(i) ~~————~~ Bid/Ask Spread: Increased by 2X

If 10-Year CVOL is 230 or greater on any day in a given calendar month, the Exchange may reduce the time-in-market across all Modules. 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
<u>1/2/2023</u>	New Year's (Observed)
<u>1/16/2023</u>	Birthday of Dr. Martin Luther King, Jr.
<u>2/20/2023</u>	Presidents' Day
<u>4/7/2023</u>	Good Friday
<u>5/29/2023</u>	Memorial Day
<u>6/19/2023</u>	Juneteenth
<u>7/4/2023</u>	Independence Day
<u>9/4/2023</u>	Labor Day
<u>10/9/2023</u>	Columbus Day

Incentives

Fee Waivers: Upon meeting the Minimum Quoting Obligations for both Modules, as determined by the Exchange, participants will receive fee waivers for all volume traded in the Products.

Monthly Stipend: Upon meeting the Minimum Quoting Obligations for both Modules, as determined by the Exchange, participants will receive an equal share of a \$100,000 monthly stipend, as set forth in the table below.

Number of Qualifying Participants	Participant Payment
1	\$100,000
2	\$50,000
3	\$33,333
4	\$25,000
5	\$20,000
6	\$16,667
7	\$14,286

Fee Credits: Upon meeting the Minimum Quoting Obligations for both Modules, as determined by the Exchange, participants will receive ~~\$1.00~~ \$5.00 per side traded in the Products, capped at ~~\$25,000~~ \$30,000 per month, per participant.

Monitoring and Termination of Status

The Exchange shall retain the right to revoke participant status if it concludes from review that a participant no longer meets the eligibility requirements or fails to meet the obligations of the Program.

If the Exchange determines that a participant has not met its quoting obligations during one (1) calendar month 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 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 incentives for that applicable month, with the exception of the Monthly Stipend. 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.