

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 23-184

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 CBOT 20-Year Treasury 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.

- |                          |                                       |            |
|--------------------------|---------------------------------------|------------|
| <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:

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 CBOT 20-Year Treasury Futures Market Maker Program  
CBOT Submission No. 23-184**

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 20-Year Treasury 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 [CMESubmissionInquiry@cmegroup.com](mailto:CMESubmissionInquiry@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. 23-184 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## 20-Year Treasury Futures Market Maker Program

### Program Purpose

The purpose of this Program is to encourage participants to support the development of the product listed below. A more liquid contract on the central limit order book benefits all participants in the marketplace.

### Product Scope

CBOT 20-Year U.S. Treasury Bond Futures (“TWE”) that are traded on Globex (“Product”).

### Eligible Participants

There is no limit to the number of participants that may register for the Program. Participants must be CBOT members.

### Program Term

Start date is March 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 Product at maximum bid/ask spreads and minimum quote sizes in accordance with the baseline quoting obligations set forth in the table below.

Tier	Width (Ticks)	Width (Index Pts)	Width (USD)	Size	Time-in-Market	Time Period
Base	<del>3</del> <u>6</u>	<del>0.09375</del> <u>0.1875</u>	<del>\$93.75</del> <u>\$187.50</u>	8	65%	7:00AM – 4:00PM CT
Bonus	<del>2</del> <u>4</u>	<del>0.0625</del> <u>0.1250</u>	<del>\$62.50</del> <u>\$125.00</u>	15	65%	7:00AM – 4:00PM CT
Roll Spread	<del>1</del> <u>2</u>	<del>0.03125</del> <u>0.0625</u>	<del>\$31.25</del> <u>\$62.50</u>	25	50% (last 7 trading days of roll month)	7:00AM – 4:00PM CT

*Extreme Events Clause:* If 10-Year CME Group Volatility Index (CVOL) reaches or exceeds ~~445~~ 170 for at least 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 Tiers. 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.

<b>Date</b>	<b>Holiday</b>
11/11/2022	Veterans Day
11/24/2022	Thanksgiving
11/25/2022	Post-Thanksgiving
12/26/2022	Christmas (Observed)
1/2/2023	New Year's (Observed)
1/16/2023	Birthday of Dr. Martin Luther King, Jr.
2/20/2023	Presidents' Day
4/7/2023	Good Friday
5/29/2023	Memorial Day
6/19/2023	Juneteenth
7/4/2023	Independence Day
9/4/2023	Labor Day
10/9/2023	Columbus Day

## **Incentives**

Base Tier Incentives: Upon meeting the Base Tier Obligations, as determined by the Exchange, participants will receive fee waivers for all volume traded in the Product on Globex.

Bonus Tier Incentives: Upon meeting the Bonus Tier Obligations, as determined by the Exchange, participants will receive the following:

- (1) Fee Credits: ~~\$1.00~~ \$5.00 per side traded in the Product on Globex, capped at \$20,000 per month, per participant; and
- (2) Volume Pool: Pro-rata portion of ~~\$30,000~~ \$15,000 per month, based on volume traded in the Product on Globex.

Roll Spread Incentives: Upon meeting the Roll Spread Tier Obligations, as determined by the Exchange, participants will receive a pro-rata portion of ~~\$50,000~~ \$25,000 per month, based on spread volume traded in the Product on Globex.

## **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. 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.