

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 23-285

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): July 6, 2023 Filing Description: Modifications to the Micro Treasury Yield Futures Market Maker Program

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: **Not Applicable**

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

Official Product Name:

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:

Rule Numbers:



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

July 6, 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 Micro Treasury Yield Futures Market Maker Program
CBOT Submission No. 23-285**

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 Micro Treasury Yield Futures Market Maker Program ("Program"). The modifications to the Program will become effective on August 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. 23-285 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

Micro Treasury Yield Futures Market Maker Program

Program Purpose

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

Product Scope

Micro 2-Year Yield Futures (“2YY”), Micro 5-Year Yield Futures (“5YY”), Micro 10-Year Yield Futures (“10Y”), and Micro 30-Year Yield Futures (“30Y”) traded on Globex (“Products”).

Eligible Participants

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

Program Term

Start date is August 16, 2021. End date is ~~July 31, 2023~~ January 31, 2024.

Hours

RTH (7:00AM – 4:00PM Chicago Time) and ETH (5:00PM – 7:00AM).

Obligations

Minimum Quoting Obligations: In order to be eligible to receive incentives, participants must quote two-sided markets in the Products in accordance with the following table. Participants may choose to quote any or all Tiers set forth below.

Tier	Tenor	Product Code	Maximum Width (bps)	Minimum Size	Time-in-Market
4	2-Year – 10-Year Inter-Commodity Spread	10Y– 2YY	0.5	10	65% of RTH
4	5-Year – 10-Year Inter-Commodity Spread	10Y– 5YY	0.5	10	65% of RTH
1	10-Year	10Y	0.5 1.0	10	65% of RTH
4	30-Year – 10-Year Inter-Commodity Spread	30Y– 10Y	0.5	10	65% of RTH
2	2-Year – 10-Year Inter-Commodity	10Y– 2YY	0.3	100	65% of RTH

	Spread				
2	5-Year — 10-Year Inter-Commodity Spread	10Y- 5YY	0.3	400	65% of RTH
2	10-Year Outright	10Y	0.3 0.6	150	65% of RTH
2	30-Year — 10-Year Inter-Commodity Spread	30Y- 10Y	0.3	400	65% of RTH
3	10-Year Outright	10Y	0.3 0.6	250	65% of RTH
ETH	2-Year — 10-Year Inter-Commodity Spread	10Y- 2YY	2.0	5	75% of ETH
ETH	5-Year — 10-Year Inter-Commodity Spread	10Y- 5YY	2.0	5	75% of ETH
ETH	10-Year	10Y	2.0 1.0	5	75% of ETH
ETH	30-Year — 10-Year Inter-Commodity Spread	30Y- 10Y	2.0	5	75% of ETH

Extreme Events Clause: If 10-Year CME Group Volatility Index (CVOL) is 445 ~~170~~ or greater 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) Width: 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.

Date	Holiday
<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
<u>11/10/2023</u>	Veterans Day (Observed)
<u>11/23/2023</u>	Thanksgiving

<u>11/24/2023</u>	<u>Post-Thanksgiving</u>
<u>12/25/2023</u>	<u>Christmas</u>
<u>1/1/2024</u>	<u>New Year's</u>
<u>1/15/2024</u>	<u>Birthday of Dr. Martin Luther King, Jr.</u>

Incentives

~~10Y Fee Waivers~~: Upon meeting the Tier 1 obligations for the Product, as determined by the Exchange, participants will receive fee waivers for Globex volume in the Products.

~~2YY Fee Waivers~~: Upon meeting the Tier 1 obligations for the 10Y-2YY Product, as determined by the Exchange, participants will receive fee waivers for Globex volume in the 2YY Product.

~~5YY Fee Waivers~~: Upon meeting the Tier 1 obligations for the 10Y-5YY Product, as determined by the Exchange, participants will receive fee waivers for Globex volume in the 5YY Product.

~~30Y Fee Waivers~~: Upon meeting the Tier 1 obligations for the 30Y-10Y Product, as determined by the Exchange, participants will receive fee waivers for Globex volume in the 30Y Product.

Fee Credits: Upon meeting the Tier 2 obligations for a given Product, as determined by the Exchange, participants will receive a fee credit per side traded in the applicable Products. Participants also meeting the Tier ETH obligations for a given Product, as determined by the Exchange, will receive an additional fee credit per side traded in the applicable Products. Fee credits will be subject to the monthly caps, as set forth in the table below.

<u>Tenor</u>	<u>Product Code</u>	<u>Incentive</u>
<u>2-Year</u>	<u>2YY</u>	Tier 2: \$0.50 fee credit Tier ETH: \$1.00 fee credit (inclusive of Tier 2 fee credit) Capped at \$5,000 per month
<u>5-Year</u>	<u>5YY</u>	Tier 2: \$0.50 fee credit Tier ETH: \$1.00 fee credit (inclusive of Tier 2 fee credit) Capped at \$5,000 per month
<u>10-Year</u>	<u>10Y</u>	Tier 2: \$0.25 fee credit Tier ETH: \$0.50 fee credit (inclusive of Tier 2 fee credit) Capped at \$20,000 per month
<u>30-Year</u>	<u>30Y</u>	Tier 2: \$0.50 fee credit Tier ETH: \$1.00 fee credit (inclusive of Tier 2 fee credit) Capped at \$5,000 per month

<u>Tier</u>	<u>Credit Per Side for 10Y</u>	<u>Credit Per Side for 2YY, 5YY, & 30Y</u>
<u>Tier 2</u>	<u>\$0.25</u>	<u>\$0.50</u>

Tier 2 & Tier ETH	\$0.50	\$1.00
Fee Cap	\$20,000	\$5,000

~~Tier 3 10-Year Outright Monthly Stipend:~~ Upon meeting the Tier 3 obligations, as determined by the Exchange, participants will receive a stipend of \$4,000.

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 a 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. ~~Participants will receive one (1) such leniency for each enrolled Tenor.~~

If the Exchange determines that a participant has not met its quoting obligations during an one (1) additional calendar month, the participant will be eligible to receive incentives for that applicable month, with the exception of ~~that month's~~ the Monthly Stipend. ~~Participants will receive one (1) such leniency for each enrolled Tenor.~~ 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.