

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 23-317

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): July 14, 2023 Filing Description: Modifications to the FX Options Large Trade Discount 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:



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

July 14, 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 FX Options Large Trade Discount Program  
CME Submission No. 23-317**

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 FX Options Large Trade Discount 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~~.

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 impact the Exchange's ability to perform its trade practice and market surveillance obligations under the CEA. Exchange staff will monitor trading in the Program's products in order to prevent manipulative trading and market abuse. Additionally, the Exchange has implemented systems to track Program participants' volume to ensure proper distribution of earned incentives. The Program does not impact the Exchange's order execution. Participants in the Program will be selected by CME staff using criteria as set forth in Exhibit 1. Chapter 4 of the Exchange rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must execute a contractual agreement with CME in which each participant will expressly agree to comply with, and be subject to, applicable regulations and Exchange rules. Additionally, 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](mailto:CMEGSubmissionInquiry@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 CME Submission No. 23-317 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Enclosure: Exhibit 1

# EXHIBIT 1

## FX Options Large Trade Discount Program

### Program Purpose

The purpose of this Program is to incentivize participants to build liquidity in foreign exchange options products. More liquid contracts benefit all participants in the marketplace.

### Product Scope

All FX options (“Products”).

### Eligible Participants

There is no limit to the number of participants that may participate in the Program. Participants may be CME members or non-members. The incentives described below will be automatically applied to all applicable transactions in the Products.

### Program Term

Start date is July 1, 2020. End date is ~~July 31, 2023~~ July 31, 2024.

### Hours

N/A

### Incentives

*Large Trade Discount:* All market participants will receive a ~~75%~~ fee discounts in accordance with the table below on ZAR, BRL, and MXN currency pairs and a 50% fee discount on all other currency pairs for any single trade fill (excluding certain give-ups\*) that is greater than or equal to the minimum quantity block threshold level for each of the Products.

<u>Membership Type</u>	<u>All FX Options Excluding ZAR, MXN, &amp; BRL</u>		<u>ZAR, MXN, &amp; BRL</u>	
	<u>Block Discount</u>	<u>Globex Large Trade Discount</u>	<u>Block Discount</u>	<u>Globex Large Trade Discount</u>
<u>Individual Members</u> <u>Clearing Equity Member Firms</u> <u>Rule 106.J Equity Member Firms &amp;</u> <u>Rule 106.J Qualified Subsidiaries</u> <u>Rule 106.I Member Firms &amp; Rule</u> <u>106.I Qualified Affiliates</u> <u>Rule 106.S Member Approved Funds</u>	<u>50%</u>	<u>30%</u>	<u>75%</u>	<u>75%</u>
<u>Rule 106.D Lessees</u> <u>Rule 106.F Employees</u>	<u>30%</u>	<u>30%</u>	<u>75%</u>	<u>75%</u>
<u>Rule 106.R Electronic Corporate Member</u>	<u>30%</u>	<u>30%</u>	<u>75%</u>	<u>75%</u>
<u>Rule 106.H and 106.N Firms</u>	<u>30%</u>	<u>30%</u>	<u>75%</u>	<u>75%</u>

<u>Clearing Non-Equity Member Firms</u>				
<u>International Incentive Program (IIP) Participants</u>	<u>30%</u>	<u>30%</u>	<u>75%</u>	<u>75%</u>
<u>International Volume Incentive Program (IVIP) Participants</u>				
<u>Central Bank Incentive Program (CBIP) Participants</u>				
<u>Latin American Fund Manager Incentive Program (FMIP) Participants</u>	<u>30%</u>	<u>30%</u>	<u>75%</u>	<u>75%</u>
<u>CTA/Hedge Fund Incentive Program Participants</u>	<u>30%</u>	<u>30%</u>	<u>75%</u>	<u>75%</u>
<u>Members Trading Outside of Division</u>	<u>30%</u>	<u>30%</u>	<u>75%</u>	<u>75%</u>
<u>Non-Members</u>	<u>30%</u>	<u>30%</u>	<u>75%</u>	<u>75%</u>

\*Block give-ups are eligible for the discount. Other give-ups, including give-ups on outright, Globex spreads, and EOs are not eligible.

### **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 has failed to meet the requirements of the Program.