

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 23-319

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 14, 2023 Filing Description: Modifications to the Grain & Oilseed Futures ETH 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:



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 Grain & Oilseed Futures ETH Market Maker Program  
CBOT Submission No. 23-319**

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 Grain & Oilseed Futures ETH 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. 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 CBOT 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 CBOT 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.

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. 23-319 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Enclosure: Exhibit 1

# EXHIBIT 1

## Grain & Oilseed Futures ETH Market Maker Program

### Program Purpose

The purpose of this Program is to incentivize participants to increase overnight liquidity during Extended Trading Hours (“ETH”) in the products listed below. More liquid contracts on the central limit order book benefit all participants in the marketplace.

### Product Scope

Corn Futures (“ZC”), Soybean Futures (“ZS”), Soybean Meal Futures (“ZM”), Soybean Oil Futures (“ZL”), KC HRW Wheat Futures (“KE”), and Chicago SRW Wheat Futures (“ZW”) traded on the CME Globex Platform (“Products”).

### Eligible Participants

There is no limit to the number of participants that may participate in the Program. Participants must be proprietary trading firms. Participants may be CBOT members or non-members.

### Program Term

Start date is January 1, 2017. End date is ~~July 31, 2023~~ July 31, 2024.

### Hours

ETH (7:00PM – ~~8:29:59AM~~ 8:30AM CST).

### Obligations

Minimum Quoting Obligations\*: In order to be eligible to receive incentives, participants must quote continuous two-sided markets in designated contract months of the Products at maximum bid/ask spreads and minimum quote sizes in accordance with the baseline quoting obligations table below. Notwithstanding the foregoing, CBOT may vary the quoting obligations and/or the time-in-market as it deems necessary based on ongoing evaluations of the Program.

	ZC, ZS		ZM, ZL, KE, ZW		Time-in-Market (ETH: 7:00PM – 8:29:59AM <u>7:45AM, clear by</u> <u>8:30AM</u> CST)
	Maximum Bid/Ask Spread	Minimum Quote Size	Maximum Bid/Ask Spread	Minimum Quote Size	
2 <sup>nd</sup> & 3 <sup>rd</sup> Months	5	8	6	4	70%
4 <sup>th</sup> + Months	7	8	8	4	70%

\*The first contract month is defined as the nearby contract that can still be traded on Globex unless it is in its delivery month, at which point the next contract will be named the “Lead Month.” The second contract is the month following the Lead Month, and so on.

Extreme Events Clause: If the at-the-money (“ATM”) implied volatility exceeds the values in Table A for two (2) consecutive trading days for three (3) out of six (6) of the Products, the obligations in Table B may be implemented. Participants will be given notice that the Extreme Events Clause has taken effect.

(i) **Table A**

Product	30-Day Constant Maturity (ATM Implied Volatility)
ZC	35%
ZS	28%
ZW	35%
KE	35%
ZL	35%
ZM	30%

(ii) **Table B**

	ZC, ZS		ZM, ZL, KE, ZW		Time-in-Market (ETH: 7:00PM – 8:29:59AM 7:45AM, clear by 8:30AM CST)
	Maximum Bid/Ask Spread	Minimum Quote Size	Maximum Bid/Ask Spread	Minimum Quote Size	
2 <sup>nd</sup> & 3 <sup>rd</sup> Months	6	5	8	3	70%
4 <sup>th</sup> + Months	9	5	11	3	70%

Once the Extreme Events Clause is in effect, if ATM implied volatility is less than the levels in Table A during the two (2) consecutive days prior to expiration, the Minimum Quoting Obligations will be reinstated. If the ATM volatility exceeds the levels in Table A, the Extreme Events Clause obligations will continue for the next full month.

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	Name of Holiday
9/5/2022	Labor Day
11/24/2022	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

<u>6/19/2023</u>	<u>Juneteenth</u>
<u>7/4/2023</u>	<u>Independence Day</u>
<u>9/4/2023</u>	<u>Labor Day</u>
<u>11/23/2023</u>	<u>Thanksgiving</u>
<u>12/25/2023</u>	<u>Christmas</u>
<u>12/26/2023</u>	<u>Post-Christmas</u>
<u>1/1/2024</u>	<u>New Year's</u>
<u>1/2/2024</u>	<u>Post-New Year's</u>
<u>1/15/2024</u>	<u>Birthday of Dr. Martin Luther King, Jr.</u>
<u>2/19/2024</u>	<u>Presidents' Day</u>
<u>3/29/2024</u>	<u>Good Friday</u>
<u>5/27/2024</u>	<u>Memorial Day</u>
<u>6/19/2024</u>	<u>Juneteenth</u>
<u>6/20/2024</u>	<u>Post-Juneteenth</u>
<u>7/4/2024</u>	<u>Independence Day</u>

### **Incentives**

*Passive Volume Credits:* Upon meeting all obligations, as determined by the Exchange, participants will be eligible to receive Passive Volume Credits. Participant's volume will receive the applicable credit multipliers set forth in the table below. Each leg of a spread will count as a separate trade. Each month, a participant's Passive Volume Credits will be calculated and multiplied by \$0.20. Passive Volume Credits will be capped at \$5,000 per month, per participant for each of the following products: ZC, KE, and ZW. Passive Volume Credits for ZS, ZM, and ZL will be capped per month, per participant as follows: (i) \$8,500 for meeting obligations in one (1) product, (ii) \$10,000 for meeting obligations in two (2) products, or (iii) \$12,500 for meeting obligations in all three (3) products.

<b>Passive Volume Credits</b>	
<b>Contract Month</b>	<b>Credit Multiplier</b>
1	n/a
2	2
3	3
4	4
5	5
6	6
7	7
8+	8

### **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 its obligations or no longer meets the eligibility requirements of the Program.

If the Exchange determines that a participant has not met its quoting obligations during two (2) calendar months 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 each 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 all 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.