

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 23-320

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 17, 2023 Filing Description: Modifications to the CME STIR Futures Pack and Bundle Market Maker Program

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: N/A

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:

July 17, 2023

VIA ELECTRONIC PORTAL

Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

**RE: Modifications to the CME STIR Futures Pack and Bundle Market Maker Program
CME Submission No. 23-320**

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 CME STIR Futures Pack and Bundle 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~~.

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 and the Exchange’s market regulation staff will monitor all market participants that trade 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 CME 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 CME rules. The Program is subject to the Exchange’s record retention policies which comply with the CEA.

CME certifies that this 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 CME Submission No. 23-320 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

CME STIR Futures Pack and Bundle Market Maker Program

Program Purpose

The purpose of this Program is to develop increased liquidity and encourage trading in ~~specific deferred month shorter-dated Eurodollar and SOFR packs and bundles and their related Eurodollar and SOFR futures contracts which are at present less liquid by comparison with the broader complex.~~ Increased liquidity in these contracts benefits the entire marketplace.

Product Scope

~~Eurodollar (“ED”) and Three-Month SOFR Futures (“SR3”) Pack and Bundle Futures contracts traded on the CME Globex® Platform, with the exception of ED and SR3 legs resulting from SED intercommodity spread transactions (“Products”).~~

Eligible Participants

The Exchange may designate up to thirty (30) participants in the Program. Participants may be CME members or non-members. Non-member participants must have been enrolled in ~~the SOFR Futures Market Maker Program and met the fee waiver and met the quoting obligations in any short-term interest rate incentive program~~ for at least one (1) month in the previous six (6) months prior to enrolling in this Program. All prospective participants are required to submit a Bid Sheet to the Exchange which is used to determine eligibility. Exchange staff looks at a variety of factors when selecting participants including, but not limited to, historical performance in the Products or related markets, previous experience in trading and market making ~~in the Product of deferred Eurodollar and Three-Month SOFR contracts,~~ and the ability to commit to and maintain continuous two-sided markets in the Products.

Program Term

Start date is January 1, 2015. End date is ~~July 31, 2023~~ January 31, 2024.

Hours

~~7:00AM~~ 6:00AM – 4:00PM CT.

Obligations

Minimum Quoting Obligations: In order to be eligible to receive incentives, participants must select and comply with at least one (1) set of quoting obligations set forth in the Quoting Buckets below. Participants must comply with the selected quoting obligations for ~~65%~~ 60% of the applicable trading session each month.

Bucket 1—ED		
Instrument	Max Spread	Contracts
3-Year Bundle	0.75	15
4-Year Bundle	1.00	10
5-Year Bundle	1.00	5
Green Pack	1.00	25
Blue Pack	1.00	15
Gold Pack	1.50	10

Bucket 2—ED		
Instrument	Max Spread	Contracts
3-Year Bundle	0.75	20
4-Year Bundle	1.00	15
5-Year Bundle	1.00	15

Bucket 3—ED		
Instrument	Max Spread	Contracts
Green Pack	1.00	35
Blue Pack	1.00	35
Green/Blue	0.75	50
Blue/Gold	1.00	50

Bucket 4—SR3		
Instrument	Max Spread	Contracts
3-Year Bundle	0.75	15
4-Year Bundle	0.75	10
5-Year Bundle	1.00	5
Green Pack	0.75	25
Blue Pack	1.00	15
Gold Pack	1.25	10

Bucket 5—SR3		
Instrument	Max Spread	Contracts
Green Pack	0.75	35
Blue Pack	1.00	35
Gold Pack	1.25	15
Green/Blue	0.75	50
Blue/Gold	1.00	50

Bucket 6—SR3		
Instrument	Max Spread	Contracts
3-Year Bundle	0.75	20
4-Year Bundle	0.75	15
5-Year Bundle	1.00	15

Bucket 7 – SR3		
Instrument	Max Spread	Contracts
White Pack	1.00	20
1 st Deferred White Pack	1.00	40
2 nd Deferred White Pack	1.00	40
Red Pack	1.00	20
1 st Deferred Red Pack	1.00	40
Green Pack	1.00	45
Red 2-Year Bundle	1.00	45
Green 2-Year Bundle	1.00	45

Quoting Bucket 1		
Product	Width (Bps)	Size (Contracts)
<u>Green Pack</u>	<u>1.25</u>	<u>30</u>
<u>Blue Pack</u>	<u>1.25</u>	<u>20</u>
<u>Gold Pack</u>	<u>1.50</u>	<u>10</u>
<u>4-Year Bundle</u>	<u>1.00</u>	<u>10</u>
<u>5-Year Bundle</u>	<u>1.00</u>	<u>5</u>

Quoting Bucket 2		
Product	Width (Bps)	Size (Contracts)
<u>Red/Green</u>	<u>0.75</u>	<u>25</u>
<u>Green/Blue</u>	<u>1.00</u>	<u>20</u>
<u>Blue/Gold</u>	<u>1.25</u>	<u>10</u>
<u>3-Year Bundle</u>	<u>1.00</u>	<u>15</u>
<u>4-Year Bundle</u>	<u>1.00</u>	<u>10</u>

Quoting Bucket 3		
Product	Width (Bps)	Size (Contracts)
<u>Green Pack</u>	<u>1.25</u>	<u>30</u>
<u>Blue Pack</u>	<u>1.25</u>	<u>20</u>
<u>Gold Pack</u>	<u>1.50</u>	<u>10</u>
<u>Green/Blue</u>	<u>1.00</u>	<u>20</u>
<u>Blue/Gold</u>	<u>1.25</u>	<u>10</u>

Quoting Bucket 4		
Product	Width (Bps)	Size (Contracts)
<u>White Pack</u>	<u>1.00</u>	<u>40</u>
<u>Red Pack</u>	<u>1.00</u>	<u>30</u>
<u>White/Red</u>	<u>0.75</u>	<u>30</u>
<u>2-Year Bundle</u>	<u>1.00</u>	<u>20</u>

Extreme Events Clause: If 2-Year Treasury (Yield) CME Group Volatility Index (CVOL) is ~~420~~ 180 or greater for at least three (3) days in a given calendar month, the obligations below may be implemented across all Quoting Buckets. ~~Participants will be given notice that the Extreme Events Clause has taken effect.~~

- (i) Bid/Ask Spread: Increased by ~~2X~~ 1.5X, rounded to the nearest valid tick increment

If 2-Year Treasury (Yield) is 240 or greater on any day in a given calendar month, the Exchange may reduce the time-in-market across all Quoting Buckets. 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>	<u>Presidents' Day</u>
<u>4/7/2023</u>	<u>Good Friday</u>
<u>4/10/2023</u>	<u>Easter Monday</u>
<u>5/29/2023</u>	<u>Memorial Day</u>
<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>1/1/2024</u>	<u>New Year's</u>
<u>1/15/2024</u>	<u>Birthday of Dr. Martin Luther King, Jr.</u>

Incentives

ED Fee Discounts: Upon meeting all quoting obligations in one (1) ED Bucket, as determined by the Exchange, participants will receive a \$0.08 discount on fees for applicable volume traded in ED.

SR3 Pack & Bundle Fee Discounts: Upon meeting all quoting obligations in one (1) SR3 Bucket Quoting Bucket 1, 2, or 3, as determined by the Exchange, participants will receive a \$0.08 discount on all pack and bundle trading in the Product fees for applicable volume traded in SR3.

ED Fee Credits: Upon meeting all quoting obligations in one (1) ED Bucket, as determined by the Exchange, participants will receive fee credits which may be applied to certain fees incurred from other Eurodollar futures volume traded in the same month. Fee credits will have a value of \$0.06 each. Only one (1) credit may be applied for each non-Pack and Bundle Eurodollar Future traded. Fee credits will be calculated in accordance with the Fee Credit Multiplier Schedule table below.

SR3 Fee Credits: Upon meeting all quoting obligations in one (1) SR3 Bucket of Buckets 4 — 6, as determined by the Exchange, participants will receive fee credits which may be applied to certain fees incurred from other Three-Month SOFR futures volume traded in the same month. Fee credits will have a value of \$0.06 each. Only one (1) credit may be applied for each non-Pack and Bundle Three-Month SOFR Future traded. Fee credits will be calculated in accordance with the Fee Credit Multiplier Schedule table below.

Non-Pack & Bundle Fee Discounts: Upon meeting all obligations in Quoting Bucket 1, 2, or 3, as determined by the Exchange, participants will receive a \$0.06 discount on all non-pack and bundle trading in the Product. Fee discounts will be earned based on trading of packs and bundles in the Green Packs and beyond. Fee discounts will be calculated in accordance with the Fee Discount Multiplier Schedule table below.

Fee Credit Discount Multiplier Schedule*

Year Bracket of Contract Expiration Month Product	Fee Discount Credits/Leg (Per Leg)
Green Packs / 3Y Bundles	7 fee credits (per leg)
Blue Packs and beyond / 4Y & 5Y Bundles	15 fee credits (per leg)

**In the case of applicable spread types that span multiple color years the color year of the longest component of the spread will determine the multiplier to be applied.*

~~Additional SR3 Fee Credits:~~ Upon meeting all ~~quoting~~ obligations in ~~SR3 Bucket 7~~ Quoting Bucket 4, as determined by the Exchange, participants will receive a fee credit of \$0.20 per side per leg on SOFR pack & and bundle volume in the Product. Fee credits will be capped at \$15,000 per month, per participant.

~~*ED and SR3 legs resulting from SED intercommodity spread transactions are excluded from receiving incentives.~~

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 no longer meets the requirements 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 ED and one (1) such leniency for SR3.~~

If the Exchange determines that a participant has not met its quoting obligations during an additional calendar month, the participant will be eligible to receive all incentives for that applicable month. ~~Participants will receive one (1) such leniency for ED and one (1) such leniency for SR3.~~ 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.