

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 23-534

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): December 19, 2023 Filing Description: Modifications to the Ultra Bond 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:



Timothy Elliott
Managing Director and Chief Regulatory Counsel
Legal Department

December 19, 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 Ultra Bond Futures Market Maker Program
CBOT Submission No. 23-534**

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 Ultra Bond Futures Market Maker Program ("Program"). The modifications to the Program will become effective on February 1, 2024.

Exhibit 1 sets forth the terms of this Program. Modifications appear below, with additions underscored 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. 23-534 in any related correspondence.

Sincerely,

/s/ Timothy Elliott
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

Ultra Bond Futures Market Maker Program

Program Purpose

The purpose of the Program is to incent market makers to enhance liquidity in the product listed below. A more liquid contract benefits all participants in the market.

Product Scope

Ultra U.S. Treasury Bond Futures (“UBE”) traded on Globex® (“Product”).

Eligible Participants

There is no limit to the number of participants that may participate in the Program. Participants must be CBOT members. Participants are not eligible to participate in other programs that include the Product. New participants are required to submit a Bid Sheet to the Exchange which is used to determine eligibility. Exchange staff will use a variety of factors in determining whether or not a prospective market maker is selected to participate in the Program, including past performance in the Product and similar contracts, the ability to commit to and maintain at least the required quoting obligations, and the ability to meet certain average daily volume requirements in the Product. Notwithstanding the foregoing, the Exchange may, from time to time, add to or subtract from the factors listed above as it deems necessary.

Program Term

Start date is January 10, 2010. End date is ~~January 31, 2024~~ January 31, 2025.

Hours

RTH (7:00AM – 4:00PM CT).

Obligations

Quoting Requirements: In order to be eligible to receive incentives, participants must quote in the Product during at least sixty-five percent (65%) of the time from 7:00AM – 4:00PM Chicago Time, continuous two-sided markets for the front month outright contract in the Product in accordance with the table below.

Tier	Spread Width (32nds)	Width (Ticks) (Minimum Price Increment “MPI”)	Size (2-Sided)
Tier 1	3.0/32nd 3	3	6 <u>10</u>
Tier 2	2.0/32nd 2	2	40 <u>20</u>
Tier 3	2.0/32nd 2	2	48 <u>30</u>

Extreme Events Clause: If 10-Year CME Group Volatility Index (CVOL) is 405 170 or greater for at least three (3) days in a given calendar month, the obligations below may be implemented. ~~Participants will be given notice that the Extreme Events Clause has taken effect.~~

- (i) ~~Bid/Ask Spread: Increased by 4 tick Width: Tier 1 - Increased by 2/32nds (2 MPIs), Tiers 2 and 3 - Increased by 1/32nd (1 MPI)~~

If 10-Year CVOL is 230 or greater on any day in a given calendar month, the Exchange may reduce the time-in-market obligations 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.

Holiday	Date
Presidents' Day	2/20/2023
Good Friday	4/7/2023
Memorial Day	5/29/2023
Juneteenth	6/19/2023
Independence Day	7/4/2023
Labor Day	9/4/2023
Columbus Day	10/9/2023
Veterans Day (Observed)	11/10/2023
Thanksgiving	11/23/2023
Post-Thanksgiving	11/24/2023
Christmas	12/25/2023
New Year's	1/1/2024
Birthday of Dr. Martin Luther King, Jr.	1/15/2024
<u>Presidents' Day</u>	<u>2/19/2024</u>
<u>Good Friday</u>	<u>3/29/2024</u>
<u>Memorial Day</u>	<u>5/27/2024</u>
<u>Juneteenth</u>	<u>6/19/2024</u>
<u>Independence Day</u>	<u>7/4/2024</u>
<u>Labor Day</u>	<u>9/2/2024</u>
<u>Columbus Day</u>	<u>10/14/2024</u>
<u>Veterans Day</u>	<u>11/11/2024</u>
<u>Thanksgiving</u>	<u>11/28/2024</u>
<u>Post-Thanksgiving</u>	<u>11/29/2024</u>
<u>Christmas</u>	<u>12/25/2024</u>
<u>New Year's</u>	<u>1/1/2025</u>
<u>Birthday of Dr. Martin Luther King, Jr.</u>	<u>1/20/2025</u>

Incentives

Tier 1

Fee Discounts: Upon meeting all Program obligations, as determined by the Exchange, participants will be eligible to receive fee discounts of ~~\$0.07~~ \$0.06 for all volume traded in the Product on Globex®.

Tier 2

Fee Discounts: Upon meeting all Program obligations, as determined by the Exchange, participants will be eligible to receive a fee discount of ~~\$0.14~~ \$0.13 for all volume traded in the Product on Globex®.

Fee Credits: Upon meeting all Program obligations, as determined by the Exchange, participants will be eligible to receive a \$0.15 fee credit per contract traded in the Product subject to a monthly cap of ~~\$30,000~~ \$20,000.

Tier 3

Fee Discounts: Upon meeting all Program obligations, as determined by the Exchange, participants will be eligible to receive a fee discount of ~~\$0.14~~ \$0.13 for all volume traded in the Product on Globex®.

Fee Credits: Upon meeting all Program obligations, as determined by the Exchange, participants will be eligible to receive a \$0.15 fee credit per contract traded in the Product subject to a monthly cap of \$50,000.

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 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 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.