SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested ☐

Registered Entity Identifier Code (optional): <u>22-220 (1 of 2)</u>

Organization: <u>Chicago Mercantile Exchange Inc. ("CME")</u>

Filing as a: ☒**DCM**   ☐**SEF**   ☐**DCO**   ☐**SDR**

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): <u>07/08/22</u>   Filing Description: <u>Basis Trade at Index Close ("BTIC")</u> <u>Transaction Eligibility in Connection with CME CF Reference Rates New York for Micro</u> <u>Ether Futures, Micro Bitcoin Futures, Ether Futures, and Bitcoin Futures Contracts</u>

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:

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

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: <u>See filing</u>.

Rule Numbers: <u>See filing</u>.

July 8, 2022

VIA ELECTRONIC PORTAL

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

> **Re: CFTC Regulation 40.6(a) Certification. Basis Trade at Index Close ("BTIC") Transaction Eligibility in Connection with CME CF Reference Rates New York for Micro Ether Futures, Micro Bitcoin Futures, Ether Futures, and Bitcoin Futures Contracts.**
> **CME Submission No. 22-220 (1 of 2)**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") certifies to the Commodity Futures Trading Commission ("CFTC" or "Commission") the eligibility of Basis Trade at Index Close ("BTIC") transactions for Micro Ether Futures, Micro Bitcoin Futures, Ether Futures, and Bitcoin Futures contracts (the "Contracts") to the relative CME CF Reference Rate published at 4:00 p.m. New York time for trading on the CME Globex electronic trading platform ("CME Globex") and for submission of clearing via CME ClearPort effective Sunday, July 24, 2022 for trade date Monday, July 25, 2022, as more specifically described in the table below (the "Rule Amendments"). BTIC transactions shall remain available on the London close for the Contracts (see CME Submission No. 21-002 dated September 10, 2021).

BTIC Transaction	Rulebook Chapter	Commodity Code	BTIC Code London Close	BTIC Code New York Close
BTIC on Micro Ether futures against New York Close (Ether-Dollar Reference Rate New York - ETHUSD_NY)	347	MET	EMB	**EYB**
BTIC on Micro Bitcoin futures against New York Close (Bitcoin Reference Rate New York - BRRNY)	348	MBT	MIB	**MYB**
BTIC on Ether futures against New York Close (Ether-Dollar Reference Rate New York - ETHUSD_NY)	349	ETH	ETB	**ENB**
BTIC on Bitcoin futures against New York Close (Bitcoin Reference Rate New York - BRRNY)	350	BTC	BTB	**BNB**

To facilitate such BTIC transactions, CME and The Board of Trade of the City of Chicago, Inc. ("CBOT") (collectively, the "Exchanges") will concurrently implement administrative amendments to CME and CBOT Rule 524. ("Trading at Settlement ("TAS"), Basis Trade at Index Close ("BTIC") and Basis Trade at Cash Open ("TACO") Transactions") as provided in Exhibit B below (see CME Submission No. 22-221 also dated today).

The Rule Amendments will provide market participants with a means to accurately mark their positions using the reference rate at the New York market close.

The Exchange reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act") and identified that the Rule Amendments may have some bearing on the following Core Principles:

Availability of General Information: The Exchange will release a Special Executive Report ("SER") regarding these amendments. The SER will also be posted on the CME Group website.

Daily Publication of Trading Information: CME will continue to publish contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contracts.

Prevention of Market Disruption: Trading in the Contracts will continue to be subject to the rules of the Exchange, which include prohibitions on manipulation, price distortion, and disruption to the cash settlement process.

Compliance with Rules: The Exchange will continue its normal practice to establish, monitor, and enforce compliance with the rules of the Contracts, including the expansion of the listing schedule of the Contracts.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the Rule Amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to the proposal.

The Exchange certifies that this submission has been concurrently posted on the CME Group website at http://www.cmegroup.com/market-regulation/rule-filings.html.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A   Amendments to CME Rulebook Chapters 347, 348, 349, and 350 (blackline format)
Exhibit B   Amendments to CME and CBOT Rule 524. (blackline format)
Exhibit C   CME Rule 588.H. – ("Globex Non-Reviewable Trading Ranges") Table
Exhibit D   CME Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table

Exhibit A

CME Rulebook

(additions underscored; deletions overstruck)

Chapter 347
Micro Ether Futures

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34706.   BASIS TRADE AT INDEX CLOSE ("BTIC") TRANSACTIONS

All BTIC transactions must be executed in accordance with the requirements of Rule 524.B. For the purpose of this section and Rule 524.B., BTIC enables market participants to execute a basis trade relative to the closing level of the Index value the closing level of such futures contract's underlying cash Index shall mean the CME CF Ether Dollar Reference Rate ("ETHUSD_RR").

Closing Index Price at Which Basis Shall Be Determined	Index to Be Referenced	Index Publication Time
London Close	CME CF Ether-Dollar Reference Rate "ETHUSD_RR"	4:00 p.m. London time
New York Close	CME CF Ether-Dollar Reference Rate - New York Close "ETHUSD_NY"	4:00 p.m. New York time

34706.A. Block Trade Requirements

BTIC block trades must be executed in accordance with the requirements of Rule 526.

For a BTIC or BTIC block trade executed prior to the publication of the Index on a given Trading Day at or before 4:00 p.m. London time, the corresponding futures price shall be made by reference to the closing Index value for the current Trading Day.

For a BTIC or BTIC block trade executed on a given Trading Day after 4:00 p.m. London time the publication of the Index, the corresponding futures price shall be made by reference to the closing Index value for the next Trading Day.

34706.B. Price Assignment Procedures

The price assignment procedure for BTIC transactions shall follow Rule 524.B.3.

34706.C. Minimum Price Increments

The valid basis or price increment applied to the closing Index value to establish the BTIC futures price shall be an integer multiple of the contract minimum price increment, $0.10 per ether, equal to $0.01 per contract.

34706.D. Market Disruption Events

In the event of disruption in the underlying market that precludes a valid Index value calculation, all pending and executed BTIC transactions in the corresponding futures contract shall be cancelled by the Exchange. Such disruption shall be declared by the Exchange in its sole discretion.

[End of Chapter.]

Chapter 348
Micro Bitcoin Futures

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34806. BASIS TRADE AT INDEX CLOSE ("BTIC") TRANSACTIONS

All BTIC transactions must be executed in accordance with the requirements of Rule 524.B.

For the purpose of this section and Rule 524.B., BTIC enables market participants to execute a basis trade relative to the closing level of the Index value~~the closing level of such futures contract's underlying cash Index shall mean the CME CF Bitcoin Reference Rate ("BRR")~~.

Closing Index Price at Which Basis Shall Be Determined	Index to Be Referenced	Index Publication Time
London Close	CME CF Bitcoin Reference Rate "BRR"	4:00 p.m. London time
New York Close	CME CF Bitcoin Reference Rate - New York Close "BRR_NY"	4:00 p.m. New York time

34806.A. Block Trade Requirements

BTIC block trades must be executed in accordance with the requirements of Rule 526.

For a BTIC or BTIC block trade executed prior to the publication of the Index on a given Trading Day ~~at or before 4:00 p.m. London time~~, the corresponding futures price shall be made by reference to the closing Index value for the current Trading Day.

For a BTIC or BTIC block trade executed on a given Trading Day after ~~4:00 p.m. London time~~ the publication of the Index, the corresponding futures price shall be made by reference to the closing Index value for the next Trading Day.

34806.B. Price Assignment Procedures

The price assignment procedure for BTIC transactions shall follow Rule 524.B.3.

34806.C. Minimum Price Increments

The valid basis or price increment applied to the closing Index value to establish the BTIC futures price shall be an integer multiple of the contract minimum price increment, $1.00 per bitcoin, equal to $0.10 per contract.

34806.D. Market Disruption Events

In the event of disruption in the underlying market that precludes a valid Index value calculation, all pending and executed BTIC transactions in the corresponding futures contract shall be cancelled by the Exchange. Such disruption shall be declared by the Exchange in its sole discretion.

[End of Chapter.]

Chapter 349
Ether Futures

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34906. BASIS TRADE AT INDEX CLOSE ("BTIC") TRANSACTIONS

All BTIC transactions must be executed in accordance with the requirements of Rule 524.B.

For the purpose of this section and Rule 524.B., BTIC enables market participants to execute a basis trade relative to the closing level of the Index value ~~the closing level of such futures contract's underlying cash Index shall mean the CME CF Ether Reference Rate ("ETHUSD_RR")~~.

Closing Index Price at Which Basis Shall Be Determined	Index to Be Referenced	Index Publication Time
London Close	CME CF Ether-Dollar Reference Rate "ETHUSD_RR"	4:00 p.m. London time
New York Close	CME CF Ether-Dollar Reference Rate - New York Close "ETHUSD_NY"	4:00 p.m. New York time

34906.A. Block Trade Requirements

BTIC block trades must be executed in accordance with the requirements of Rule 526.

For a BTIC or BTIC block trade executed prior to the publication of the Index on a given Trading Day at or before 4:00 p.m. London time, the corresponding futures price shall be made by reference to the closing Index value for the current Trading Day.

For a BTIC or BTIC block trade executed on a given Trading Day after 4:00 p.m. London time the publication of the Index, the corresponding futures price shall be made by reference to the closing Index value for the next Trading Day.

34906.B. Price Assignment Procedures

The price assignment procedure for BTIC transactions shall follow Rule 524.B.3.

34906.C. Minimum Price Increments

The valid basis or price increment applied to the closing Index value to establish the BTIC futures price shall be an integer multiple of the contract minimum price increment, $0.05 per ether, equal to $2.50 per contract.

34906.D. Market Disruption Events

In the event of disruption in the underlying market that precludes a valid Index value calculation, all pending and executed BTIC transactions in the corresponding futures contract shall be cancelled by the Exchange. Such disruption shall be declared by the Exchange in its sole discretion.

[End of Chapter.]

Chapter 350
Bitcoin Futures

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35006.   BASIS TRADE AT INDEX CLOSE ("BTIC") TRANSACTIONS

All BTIC transactions must be executed in accordance with the requirements of Rule 524.B.

For the purpose of this section and Rule 524.B., BTIC enables market participants to execute a basis trade relative to the closing level of the Index value. the closing level of such futures contract's underlying cash Index shall mean the CME CF Bitcoin Reference Rate ("BRR").

Closing Index Price at Which Basis Shall Be Determined	Index to Be Referenced	Index Publication Time
London Close	CME CF Bitcoin Reference Rate "BRR"	4:00 p.m. London time

	CME CF Bitcoin	
New York Close	Reference Rate - New York Close "BRR_NY"	4:00 p.m. New York time

35006.A. Block Trade Requirements

BTIC block trades must be executed in accordance with the requirements of Rule 526.

For a BTIC or BTIC block trade executed prior to the publication of the Index on a given Trading Day ~~at or before 4:00 p.m. London time~~, the corresponding futures price shall be made by reference to the closing Index value for the current Trading Day.

For a BTIC or BTIC block trade executed on a given Trading Day after ~~4:00 p.m. London time~~the publication of the Index, the corresponding futures price shall be made by reference to the closing Index value for the next Trading Day.

35006.B. Price Assignment Procedures

The price assignment procedure for BTIC transactions shall follow Rule 524.B.3.

35006.C. Minimum Price Increments

The valid basis or price increment applied to the closing Index value to establish the BTIC futures price shall be an integer multiple of the contract minimum price increment, $1.00 per bitcoin, equal to $5.00 per contract.

35006.D. Market Disruption Events

In the event of disruption in the underlying market that precludes a valid Index value calculation, all pending and executed BTIC transactions in the corresponding futures contract shall be cancelled by the Exchange. Such disruption shall be declared by the Exchange in its sole discretion.

[End of Chapter.]

CME and CBOT Rulebooks

Chapter 5
("Trading Qualifications and Practices")
(additions are <u>underscored</u>)

524.   **TRADING AT SETTLEMENT ("TAS"), BASIS TRADE AT INDEX CLOSE ("BTIC") AND BASIS TRADE AT CASH OPEN ("TACO") TRANSACTIONS**

[Section A. remains unchanged.]

524.B.   Basis Trade at Index Close ("BTIC") Transactions

A Basis Trade at Index Close ("BTIC") transaction is an Exchange futures transaction which is priced with reference to the closing level of such futures contract's underlying cash Index<u>, or the closing level of a related index as described in the applicable product chapter,</u> on a particular trading day (the "Basis"). The following shall govern BTIC transactions:

1. A BTIC order may be entered on Globex at any time the applicable futures contract is available for BTIC trading on Globex and during such BTIC-eligible futures contract's prescribed pre-open time period. The initiation of any BTIC order on Globex outside these time periods is prohibited.

2. Unless otherwise specified in the Table, a BTIC-eligible product and contract month may be executed as a block trade pursuant to the requirements of Rule 526, except that a BTIC block trade cannot be executed on the last day of trading in an expiring BTIC-eligible futures contract.

3. The Basis established in any BTIC transaction must be stated in admissible price increments for the applicable futures contract as set forth in the applicable product chapter. The assigned futures price corresponding to such BTIC transaction shall be the closing level of the applicable cash Index<u>, or the closing level of a related index as described in the applicable product chapter,</u> for that trading day adjusted by the Basis established in such BTIC transaction. For any BTIC-eligible futures contract, the magnitude of the Basis in a BTIC block trade must be fair and reasonable in light of factors including, but not limited to, financing rates, expected dividend income, and time remaining until the underlying futures contract expiration. A BTIC futures transaction may result in an assigned futures price outside of applicable daily price limits. The assigned futures price is deemed final when determined by the Exchange, absent an index price correction by the index provider. If the closing level of a cash Index<u>, or the closing level of a related index as described in the applicable product chapter,</u> is corrected by the applicable cash Index provider prior to 4:00 p.m. CT on the following Business Day, the assigned futures price corresponding to such BTIC transaction shall be amended using the corrected closing level of the applicable cash Index<u>, or the closing level of a related index as described in the applicable product chapter,</u> adjusted by the Basis established in such BTIC transaction, and the assigned futures price shall be deemed final at that time.

4. Additional product-specific BTIC provisions, including those relating to disruptions in the publication of an index <u>and the applicable index closing times</u> ~~,~~ are set forth in the applicable product chapter in the Rulebook.

[The remainder of the Rule is unchanged.]

Exhibit C

**CME Rulebook
Chapter 5
("Trading Qualifications and Practices")**

Rule 588.H. – ("Globex Non-Reviewable Trading Ranges") Table
(additions <u>underscored</u>)

Instrument	Globex Symbol	Outrights			Spreads	
		Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR:Minimum Ticks	NRR: Globex Format	NRR: Outright Minimum Ticks
BTIC on Bitcoin futures against New York Close (Bitcoin Reference Rate New York – BRRNY)	BNB	50% of Underlying NRR	Variable	Variable	N/A	N/A
BTIC on Micro Bitcoin futures against New York Close (Bitcoin Reference Rate New York – BRRNY)	MYB	50% of Underlying NRR	Variable	Variable	N/A	N/A
BTIC on Ether futures against New York Close (Ether-Dollar Reference Rate New York - ETHUSD_NY)	ENB	50% of Underlying NRR	Variable	Variable	N/A	N/A
BTIC on Micro Ether futures against New York Close (Ether-Dollar Reference Rate New York - ETHUSD_NY)	EYB	50% of Underlying NRR	Variable	Variable	N/A	N/A

Exhibit D

CME Rulebook
Chapter 5
("Trading Qualifications and Practices")

Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table
(additions underscored)

Product	Rulebook	Commodity Code	PRIMARY/ ASSOCIATED	ASSOCIATED WITH	Dynamically Calculated Variant - All Hours
BTIC on Bitcoin futures against New York Close (Bitcoin Reference Rate New York – BRRNY)	350	BNB	Associated	BTC	Daily Price Limit Table
BTIC on Micro Bitcoin futures against New York Close (Bitcoin Reference Rate New York – BRRNY)	348	MYB	Associated	BTC	Daily Price Limit Table
BTIC on Ether futures against New York Close (Ether-Dollar Reference Rate New York - ETHUSD_NY)	349	ENB	Associated	ETH	Daily Price Limit Table
BTIC on Micro Ether futures against New York Close (Ether-Dollar Reference Rate New York - ETHUSD_NY)	347	EYB	Associated	ETH	Daily Price Limit Table