

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 19-159

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): April 12, 2019 Filing Description: Implementation of the Cleared OTC London Gold & Silver Forwards Incentive 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

April 12, 2019

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: Implementation of the Cleared OTC London Gold & Silver Forwards Incentive Program
CME Submission No. 19-159**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to implement the Cleared OTC London Gold & Silver Forwards Incentive Program ("Program"). The proposed Program will become effective on May 1, 2019.

Exhibit 1 sets forth the terms of the Program.

CME reviewed the derivatives clearing organization ("DCO") core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act"). During the review, CME staff identified the following Core Principles as potentially being impacted: Financial Resources, Participant and Product Eligibility, Rule Enforcement, and Recordkeeping.

The incentives in the Program have a non-material impact on the financial resources of CME. As such, the Program will not prevent CME from demonstrating that it has adequate financial, operational, and managerial resources to discharge its responsibilities as a DCO. Further, the incentives provided under the Program will not impact CME's ability to perform its monitoring or enforcement obligations under the CEA. Participants in the Program are selected by CME 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. The Program will be subject to these rules. All participants must expressly agree to comply with and be subject to, applicable regulations and CME rules. The Program is subject to CME'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.

CME certifies that this submission has been concurrently posted on CME'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. 19-159 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Enclosure: Exhibit 1

EXHIBIT 1

Cleared OTC London Gold & Silver Forwards Incentive Program

Program Purpose

The purpose of this Program is to enhance and incentivize participants to support the development of over-the-counter (“OTC”) London Gold and Silver Forwards. The resulting liquidity benefits all participant segments of the market.

Product Scope

Cleared OTC London Gold Forwards (Cash Margin) (“GBC”) and Cleared OTC London Silver Forwards (Cash Margin) (“LSF”) (collectively, the “Products”).

Eligible Participants

There is no limit to the number of participants that may participate in the Program. Participants must be COMEX 106.J members.

Program Term

Start date is May 1, 2019. End date is December 31, 2020.

Incentives

Upon meeting all Program requirements, participants will be eligible to receive predetermined incentives.

Monitoring and Termination of Status

CME shall monitor activity and Program participants’ performance and shall retain the right to revoke Program participant status if it concludes from review that a Program participant no longer meets the requirements of the Program.