

April 16, 2015

**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 Housing Futures Market Maker Program  
CME Submission No. 15-151**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) hereby notifies the Commodity Futures Trading Commission (“CFTC” or “Commission”) of modifications to the existing Housing Futures Market Maker Program (“Program”). The proposed modifications to the Program will become effective on May 1, 2015.

Exhibit 1 sets forth the terms of the Program. Modifications appear below, with additions underscored and deletions ~~overstruck~~.

CME reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”). During the review, Exchange staff identified the following Core Principles as potentially being impacted: Prevention of Market Disruption, Execution of Transactions, Protection of Market Participants, Compliance with Rules, and Recordkeeping.

The Program and proposed modifications will not impact the Exchange’s ability to perform its trade practice and market surveillance obligations under the CEA. The Exchange’s market regulation staff will monitor all trading in the Program’s products to prevent manipulative trading and market abuse. Additionally, the Exchange has implemented systems to track Program participants’ obligations under the Program 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 set forth in Exhibit 1. Chapter 4 of the CME rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All Program participants must execute a contractual agreement with the Exchange in which they expressly agree to comply with and be subject to, applicable regulations and Exchange rules. The Program is subject to the Exchange’s record retention policies which comply with the CEA.

CME certifies that the Program and the modifications to the Program comply with the CEA and the regulations thereunder. There were no substantive opposing views to this Program or the proposed modifications.

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](mailto:CMEGSubmissionInquiry@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 CME Submission No. 15-151 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## CME Housing Futures Market Maker Program

### Program Purpose

The purpose of this Program is to incent market makers to enhance liquidity in the products listed below. A more liquid contract in on the central limit order book benefits all participants in the marketplace.

### Product Scope

CME S&P/Case-Shiller Home Price Indices futures products traded on Globex® (“Products”).

### Eligible Participants

CME may designate up to four (4) participants in the Program. Participants can be CME members or non-members. Potential participants are required to submit an application/bid sheet to the Exchange which is used to determine eligibility. CME 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 the Products, the prospective participants overall historical performance and experience acting as a market maker in other CME programs, and the ability to commit to and maintain at least the required quoting obligations. Notwithstanding the forgoing, CME may, from time to time, add to or subtract from the factors listed above as it deems necessary.

### Program Term

Start date is May 22, 2006. End date is ~~April 30, 2015~~ December 31, 2015.

### Hours

~~Designated hours during RTH~~ 8:00AM to 2:00PM CST (“Designated Hours”).

### Obligations

*Quoting Requirements:* Program participants will be required to provide two-sided electronic markets in the Products with contracted bid/ask spreads that are no greater than six (6) ticks wide and a minimum quote size of at least one (1) contract per side for 90% of the time during Designated Hours.

### Program Incentives

Upon satisfying all Program obligations, as determined by the Exchange, each Program participant shall be eligible for the following incentive:

*Fee Waivers:* CME shall waive all of the Program participant’s CME Globex® execution, E-Quotes connection, and clearing fees for the Products traded through the Program participant’s designated account.

### **Monitoring and Termination of Status**

The Exchange shall monitor trading activity and 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 eligibility requirements or fails to meet the obligations of the Program.