

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 20-223 (3 of 4)

Organization: New York Mercantile Exchange, Inc. ("NYMEX")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): May 14, 2020 Filing Description: Modifications to the Retail Broker Incentive Program

**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: Not Applicable

**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

Official Product Name:

**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:

Rule Numbers:



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

May 14, 2020

**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 Retail Broker Incentive Program  
NYMEX Submission No. 20-223 (3 of 4)**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME"), The Board of Trade of the City of Chicago, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX"), and Commodity Exchange, Inc. ("COMEX") (collectively, the "Exchanges") hereby notify the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to modify the Retail Broker Incentive Program ("Program"). The modifications to the Program will become effective on June 1, 2020.

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

The Exchanges reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, Exchange staff identified the following Core Principles as potentially being impacted: Monitoring of Trading, Execution of Transactions, Protection of Market Participants, Compliance with Rules, and Recordkeeping.

The Program does not impact the Exchanges' ability to perform their trade practice and market surveillance obligations under the CEA. The Exchanges' market regulation staff will monitor activity in the Program's products to prevent manipulative trading and market abuse. Additionally, the Exchanges have implemented systems to track Program participants' volume to ensure proper distribution of earned incentives. The Program does not affect the Exchanges' order execution. Participants in the Program will be selected by Exchanges' staff using criteria as set forth in Exhibit 1. Each of the Exchanges' respective rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must execute a contractual agreement with the Exchanges' in which each participant expressly agrees to comply with, and be subject to, applicable regulations and applicable rules. The Program is subject to the Exchanges' record retention policies which comply with the CEA.

The Exchanges certify that the Program complies with the CEA and the regulations thereunder. There were no substantive opposing views to this Program.

The Exchanges certify that this submission has been concurrently posted on the Exchanges' 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 NYMEX Submission No. 20-223 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## Retail Broker Incentive Program

### Program Purpose

The purpose of the Program is to incentivize participants to educate their clients about the benefits of trading the Exchanges' products and centralized clearing, ultimately providing additional liquidity to the marketplace. A more liquid contract benefits all participants in the market.

### Product Scope

All CME, CBOT, NYMEX, and COMEX products that are traded on the Globex Platform ("Products").

### Eligible Participants

There is no limit to the number of firms that can participate in the Program. Retail firms with 5,000 or more active direct retail trading users may apply for participation in the Program. Participants must register with the Exchange to qualify for the Program.

### Program Term

Start date is June 17, 2013. End date is January 31, 2021.

### Hours

N/A

### Obligations

Participants must participate in at least two (2) marketing-planning sessions with the Exchange on an annual basis. To receive the Program incentives, participants must supply the Exchange with invoices showing expenses of the pre-approved marketing, sales, and commercial initiatives targeting Exchange products.

### Program Incentives\*

Upon satisfying all Program obligations, as determined by the Exchange, each calendar month participants may be eligible to earn fee credits to be used towards marketing, sales, and commercial initiatives targeting Exchange products. For each month in a six (6) month period, if a participant's retail month-over-month volume has increased at a higher rate compared to the Exchanges' total Globex volume, excluding CME Interest Rate futures and options products and adjusted for Micro E-Mini contracts volume\*\*, the participant will receive a fee credit of \$0.50 for each incremental side grown versus the Exchanges'. Fee credits will accumulate over the six (6) month period and will be capped at \$750,000 per participant, per six (6) month period. Participants will receive the accumulated fee credits at the end of each six (6) month period as follows:

- (i) Period 1 – *February 1 through July 31*: Fee credits available on August 1
- (ii) Period 2 – *August 1 through January 31 of the following calendar year*: Fee credits available on February 1

All fee credits expire twelve (12) months after the end of each six (6) month period accrual.

\*Participants may only join the Program on the first day of a month. Participants not joining the Program at the beginning of a six (6) month period will still be subject to the same accumulation and Period 1/Period 2 dates.

\*\*One (1) Micro E-Mini contracts will be counted as  $4/10^{\text{th}}$  0.1 of a side for volume calculation, with the exception of Micro Silver Futures, Micro INR/USD Futures, and any newly listed Micro product which will be counted as 0.2.

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

The Exchanges' shall monitor 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.