

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 15-327 (4 of 4)

Organization: Commodity Exchange, Inc. ("COMEX")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): July 17, 2015 Filing Description: Modifications to the International 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:

July 17, 2015

**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 International Incentive Program  
COMEX Submission No. 15-327 (4 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 International Incentive Program ("Program" or "IIP"). The modifications to the Program will become effective on August 1, 2015.

Exhibit 1 sets forth the terms of the Program. Modifications appear below, with additions underlined 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, the Exchanges' 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 Record Keeping.

The Program does not incentivize manipulative trading or market abuse and 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 trading in the products under the Program to prevent manipulative trading and market abuse. The incentives in the Program do not impact the Exchanges' order execution. Participants in the Program will be selected by the Exchanges' staff using criteria as further stated in Exhibit 1. Chapter 4 of the Exchanges' rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program and proposed modifications are subject to these rules. The Program and proposed modifications will be subject to the Exchanges' record retention policies which comply with the CEA.

CME, CBOT, NYMEX, and COMEX certify that the Program and proposed modification comply 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 COMEX Submission No. 15-327 (4 of 4) in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## INTERNATIONAL INCENTIVE PROGRAM

### **Program Purpose**

The purpose of this Program is to incentivize proprietary trading firms and trading arcades located outside North America to trade the products listed below on the CME Globex® Platform. The resulting increase in liquidity in the products listed below benefits all participant segments in the market.

### **Product Scope**

All CME, CBOT, NYMEX (excluding NYMEX emissions contracts), and COMEX products (excluding Metal options contracts) available for trading on the Globex® Platform, and all open outcry and ex-pit transactions for Interest Rate futures and options products (“Products”).

### **Eligible Participants**

There is no limit to the amount of participants that may be selected in the Program. All approved CME, CBOT, NYMEX and COMEX non-members may participate. Only proprietary trading firms and trading arcades located outside of North America and traders located outside of North America are eligible.

#### **To qualify as a proprietary trading firm under IIP a firm must:**

Be a legal entity that trades its own capital. Trading funds must be exclusively firm funds and all trading must be done in the firm’s accounts. Further, to qualify for IIP, a proprietary trading firm must meet the following criteria:

- All trading must be done in proprietary trading accounts held in the name of the firm.
- All trading must be done electronically by owners, employees or contractors of the firm.
- Only the firm’s capital can be at risk of loss; that is, no traders may make any trading capital contributions or payments to the firm nor have any capital at risk in connection with their trading of the firm’s proprietary accounts.
- All trading must be solely for the benefit of the firm. No other individuals or entities can have any ownership interest in these accounts.
- All funds contributed to and traded under the firm are subject to loss from any and all trading activity of the firm.
- All profits and losses of the account are booked to income of the firm.
- Net profits of the account after the distribution of trader incentives and deduction of expenses are taxed to the firm.

#### **To qualify as a trading arcade under IIP a firm must:**

Be a legal entity where individuals, whom are owners, employees or contractors of an entity, provide a legal, risk management and physical structure and trading facilities to traders in return for sharing of trading profits. Transactions must be executed in the name of accounts owned by the trading arcade and originate from the trading arcade facility or from a remote site connected to the trading arcade facility. The funds used for trading may be corporate pools of funds or commingled individual/corporate funds, of which the trading arcade must contribute at least 20% of the funds. Additionally:

- All trading must be done electronically by owners, employees or contractors of the firm.
- The trading arcade must participate in at least 20% of the profits/losses of the trading accounts.
- Individual traders may participate in no more than 80% of the profits/losses of the trading accounts.
- All trading is conducted in accounts of the trading arcade which are held in the name of the trading arcade.

- All funds contributed are at risk and subject to loss from any and all trading activity of the trading arcade. Thus, funds contributed by an individual trader are not only at risk and subject to loss from the individual's trading activity of the trading arcade account, but are at risk and subject to loss from any and all the trading activity of the trading arcade.

### **Program Term**

Start date is December 16, 2011. End date is December 31, 2015.

### **Hours**

The incentives will apply to all trades made in the Products regardless of the execution time.

### **Obligations**

For continued eligibility, IIP participants must maintain a combined average daily volume in the Products of 250 contracts (sides) a day measured over a given calendar quarter.

### **Program Incentives**

Once accepted into the Program, participants will be eligible to receive the following incentives:

#### 1. *Fee Discounts*

Participants will be eligible to receive fee discounts for the Products that are traded on Globex® in accordance with the following tables:

<b>Product Category CME Globex Only</b>	<b>IIP All-in Fees (Per Side)</b>
<b>CME Products</b>	
Agricultural – Futures*	\$0.81
Agricultural – Options*	\$0.81
Weather Contracts	\$0.245
Full Size Foreign Exchange – Futures*	\$0.54
Foreign Exchange – Variance Futures	\$0.07
Foreign Exchange – Options*	\$0.54
E-mini Foreign Exchange Contracts*	\$0.54
E-micro Foreign Exchange Contracts	\$0.10
Full Size Equity Index – Futures	\$1.05
Full Size Equity Index – Options	\$1.00
E-mini Equity Index – Futures** <sup>2</sup>	\$0.51
E-mini Equity Index – Options	\$0.445
E-micro Equity Index Contracts	\$0.50
USD Ibovespa - Futures	\$1.26
Interest Rate Contracts*	\$0.46
Interest Rates Eurodollar and Euroyen Options <sup>1</sup>	\$0.44
Fixed Income Index Products	\$0.59
<b>CME Products (Bundle Futures Only)</b>	
2-Year Eurodollar Bundle Futures	\$3.68
3-Year Eurodollar Bundle Futures	\$5.52
5-Year Eurodollar Bundle Futures	\$9.20

<b>Product Category CME Globex Only</b>	<b>IIP All-in Fees (Per Side)</b>
2-Year Eurodollar Bundle Options	\$3.02
3-Year Eurodollar Bundle Options	\$4.41
5-Year Eurodollar Bundle Options	\$7.18
<b>CBOT Products</b>	
Full Size Agricultural Contracts	\$1.06
Mini Agricultural Contracts	\$0.90
ICS & CS Agricultural Options	\$2.06
\$25 Dow Futures	\$0.90
\$10 Dow Products	\$0.57
Mini \$5 Dow Products	\$0.54
DJ U.S. Real Estate Index Futures	\$0.54
U.S. Treasury Futures <sup>1</sup>	\$0.49
U.S. Treasury Options <sup>1</sup>	\$0.49
Other Financial Products <sup>1</sup>	\$0.49
Deliverable IR Swap Futures	\$0.49

\*The products denoted with an asterisk above will be eligible for the additional CME Products Progressive Volume Discount Incentives listed in #2 below.

2 – The All-In Fees for E-Mini Nifty Futures will be \$0.36 per side. E-mini Nifty Futures will not be included in the Progressive Volume Discount for CME Equity Products.

<b>NYMEX Products on CME Globex</b>	<b>IIP All-in Fees (Per Side)</b>
Core Energy (CL, LO, HO, OH, RB, OB, NG, LN, ON)	0.77
NYMEX Metals (PL, PA, PO, PAO)	0.77
All other Energy	Must be 10% greater than the highest member rate
All other Metals	Must be 10% greater than the highest member rate
<b>COMEX Products on CME Globex - Futures Only</b>	
Core Metal (GC, SI, HG)	0.88
Physical Metals (equal to or less than half of full size contract)	Member rate must be 25% less than non-member rate
Financial Metals	Member rate must be 25% less than non-member rate

<b>Pit &amp; Ex-Pit Trading<sup>1*</sup></b>	<b>IIP all-in fees (per side)</b>
<b>CME Products</b>	
Interest Rate Contracts	\$0.46
<b>CBOT Products</b>	
U.S. Treasury Futures	\$0.46
U.S. Treasury Options	\$0.49
Other Financial Futures	\$0.36

Other Financial Options	\$0.49
*Above reflects total clearing/exchange fees; Ex-Pit Surcharges also apply for Ex-Pit trades	

2. CME Products Progressive Volume Discount Incentives: Subject to the restrictions set forth in #3 below, participants in the Program that maintain an average daily volume (“ADV”) of 1,000 combined contract sides traded in the respective CME Products on Globex denoted above are eligible to receive progressive volume fee discounts in those Products as set forth below.

CME Products for IIP (Excluding Bundle Futures)				
Tier Structure	Interest Rates	FX	Equity	Ags
0 -1000	\$0.46	\$0.54	\$0.51	\$0.81
1001 - 5000	\$0.35	\$0.41	\$0.41	\$0.55
5001+	\$0.25	\$0.36	\$0.36	

3. Restrictions: Participants may choose to participate in the Program on a Product Group by Product Group basis, but must select which Product Groups they want to include under the Program when submitting their initial application. Participants may not receive incentives under the IVIP for volumes in Products counted toward this Program.

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

The Exchanges 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.