

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 16-463 (2 of 2)

Organization: The Board of Trade of the City of Chicago, Inc. ("CBOT")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): November 15, 2016 Filing Description: Modifications to the Equity Index Futures 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

November 15, 2016

**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 Equity Index Futures Broker Incentive Program  
CBOT Submission No. 16-463 (2 of 2)**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME") and The Board of Trade of the City of Chicago, Inc. ("CBOT") (collectively, the "Exchanges") hereby notify the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to modify the Equity Index Futures Broker Incentive Program ("Program"). The modifications to the Program will become effective on December 1, 2016.

Exhibit 1 sets forth the terms of this 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" 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 does not impact the Exchanges' ability to perform their trade practice and market surveillance obligations under the CEA and the Exchanges' market regulation staff will monitor trading in the Program's products to prevent manipulative trading and market abuse. Additionally, the Exchanges have implemented systems to track Program participants' obligations to ensure proper distribution of earned incentives. The incentives in the Program do not impact the Exchanges' order execution. Participants in the Program will be selected by Exchange 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. All participants must execute a contractual agreement with the Exchanges in which each participant will expressly agree to comply with and be subject to applicable regulations and the Exchanges 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 CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you require any additional information regarding this submission, please e-mail [CMESubmissionInquiry@cmegroup.com](mailto:CMESubmissionInquiry@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 CBOT Submission No. 16-463 (2 of 2) in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## Equity Index Futures Broker Incentive Program

### **Program Purpose**

The purpose of this Program is to encourage brokers to increase their volume in the Products listed below, enhancing market liquidity for the product. A more liquid contract benefits all participants in the market.

### **Product Scope**

BTIC ("Basis Trade at Index Close") on E-mini S&P 500® Futures ("EST"), BTIC on E-mini NASDAQ 100 Index® Futures ("NQT"), BTIC on E-mini Dow Jones Industrial Average<sup>SM</sup> Index Futures ("YMT"), S&P 500® Annual Dividend Index Futures ("SDA"), S&P 500® Quarterly Dividend Index Futures ("SDI"), E-mini Materials Select Sector Futures ("XAB"), E-mini Energy Select Sector Futures ("XAE"), E-mini Financial Select Sector Futures ("XAF"), E-mini Industrial Select Sector Futures ("XAI"), E-mini Technology Select Sector Futures ("XAK"), E-mini Consumer Staples Select Sector Futures ("XAP"), E-mini Utilities Select Sector Futures ("XAU"), E-mini Health Care Select Sector Futures ("XAV"), E-mini Consumer Discretionary Select Sector Futures ("XAY"), E-mini S&P Real Estate Select Sector Index Futures ("XAR"), Dow Jones Real Estate Futures ("JR"), E-mini FTSE China 50 Index Futures ("FT5"), ~~and~~ E-mini FTSE Emerging Index Futures ("EI"), BTIC on S&P 500 Total Return Index Futures ("TRB"), and BTIC on S&P 500 Carry Adjusted Total Return Index Futures ("CTB") ("Products").

### **Eligible Participants**

There is no limit to the amount of participants that may register for the Program. The Program is open to all Voice Brokers/Inter-Dealer Brokers who register on CME ClearPort and submit matched trades for 3rd parties via CME Direct or CME ClearPort front-end clearing systems.

### **Program Term**

Start date is March 1, 2016. End date is ~~February 28, 2017~~ December 31, 2017.

### **Obligations**

In order to be eligible to receive the Program incentives, on a monthly basis participants must submit pricing runs for a predetermined percentage of time. The Products must be voice-brokered and must be submitted through CME Direct or CME ClearPort front-end clearing systems. Trades submitted through a participant's own CME ClearPort API or called into the Global Command Center ("GCC") are not eligible.

### **Incentives**

Upon meeting all eligibility requirements and obligations, as determined by the Exchanges, participants may be eligible to receive predetermined incentives.

### **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.