

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 14-515

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): November 26, 2014 Filing Description: Modifications to the CME CTA/Hedge Fund 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.

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|--------------------------|---------------------------------------|------------|
| <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

November 26, 2014

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 CME Commodity Trading Advisors/Hedge Fund Incentive Program
CME Submission No. 14-515**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to modify its incentive program for commodity trading advisors ("CTAs") and hedge funds in support of certain Foreign Exchange ("FX") products traded on the CME Globex® Platform ("Program"). The modifications to the Program will become effective on January 1, 2015.

Exhibit 1 sets forth the terms of the Program. The 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"). During the review, CME 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 Exchange's ability to perform its trade practice and market surveillance obligations under the CEA. The Exchange's market regulation staff will monitor trading in the Program's products to prevent manipulative trading and market abuse. The Program does not impact the Exchange's order execution. Participants in the Program will be selected by the Exchange's staff using criteria as further stated in Exhibit 1. Chapter 4 of the Exchange rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program is subject to these rules. The Program is subject to the Exchange'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.

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 or contact Rachel Johnson at 312-466-4393 or via e-mail at Rachel.Johnson@cmegroup.com. Please reference our CME Submission No. 14-515 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

CME CTA/HEDGE FUND INCENTIVE PROGRAM

Program Purpose

The purpose of this Program is to incentivize CTAs and hedge funds to trade FX products on the CME Globex® Platform. The resulting increase in central limit order book liquidity for FX products on the CME Globex® Platform benefits all participant segments in the market.

Product Scope

All FX futures and options contracts that are traded on the CME Globex® Platform (“Products”).

Eligible Participants

There is no limit to the amount of participants that may be selected for the Program. All approved CTAs and hedge funds may participate. Hedge funds will only receive the fee discounts for trades made in accounts 100% percent managed by the hedge fund. CTAs will only receive fee discounts for trades made in accounts comprising of pooled investment vehicles and managed accounts 100% managed by the CTA (i.e., individual managed accounts for whom the CTA has power of attorney for the sole purpose of trading). Additionally, CTAs and hedge funds must meet the following criteria to qualify:

- Have more than \$250 million in assets under management (including both pooled investment vehicles and managed accounts); and,
- Have a relationship with a CME clearing member.

Program Term

Start date is December 23, 2011. End date is ~~December 31, 2014~~ December 31, 2015.

Hours

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

Program Incentives

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

Fee Discounts. All participants that trade the Products will be entitled to participate in progressive Globex® execution and clearing fee volume discounts for trades executed in the Products on Globex®. The applicable rates charged will be based on each respective participant’s average daily volume in the Products on Globex®, measured over an applicable calendar month in accordance with the following:

- (i) For ADV that is less than or equal to 2500 sides, the all-in fee per side (clearing fee + Globex® execution fee) charged for will be ~~seventy cents (\$0.70)~~ eighty cents (\$0.80).
- (ii) For ADV that exceeds 2500 sides, the all-in fee per side (clearing fee + Globex® execution fee) charged for will be sixty cents (\$0.60).

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 of the Program.