

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 14-502

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

**Filing as a:**  **DCM**  **SEF**  **DCO**  **SDR**

**Please note - only ONE choice allowed.**

**Filing Date (mm/dd/yy):** December 10, 2014 **Filing Description:** Modifications to the CME FX EFP Surcharge Volume 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:**



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

December 10, 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 FX EFP Surcharge Volume Incentive Program  
CME Submission No. 14-502**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") that it plans to modify the CME FX EFP Surcharge Volume Incentive Program ("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, and Compliance with Rules.

The Program 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 the Program's products to prevent manipulative trading and market abuse. The reduced surcharges that may be earned through bona fide transactions under the Program incentivize centralized clearing in the products listed in Exhibit 1 and lead to increases in and development of open interest in the products listed in Exhibit 1. As a result, the increases in open interest levels provides the basis upon which a centralized trading market can develop, particularly with the development of a more fluid and liquid product traded on the Globex Platform. The Program is open to all market participants that trade the Program's products. Chapter 4 of the Exchange rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program is subject to these rules.

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 [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 CME Submission No. 14-502 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## CME FX EFP Surcharge Volume Incentive Program

### Program Purpose

The purpose of this Program is to incentivize market participants to trade the products listed below on the CME Globex® Platform and grow overall open interest and liquidity in foreign exchange (“FX”) products. ~~The purpose of the current modifications is to further incentivize open interest and liquidity on the central limit order book.~~ The resulting increase in open interest and liquidity benefits all participant segments in the market.

### Product Scope

All CME FX standard sized futures and options products (“Products”).

### Eligible Participants

There is no limit to the amount of participants that may participate in the Program. CME Equity Members, Clearing Members, Rule 106.J Equity Member Firms, Rule 106.I Members, Rule 106.S Member Approved Funds, Rule 106.R Electronic Corporate Members, Rule 106.H and 106.N Firms are eligible to participate. The fee incentives described below will be automatically applied to all executed trades made by participants in the Products. For purposes of calculating volume below, trades will be aggregated across accounts within a specific billing firm.

### Program Term

Start date is January 1, 2012. End date is ~~December 31, 2014~~ December 31, 2015.

### Hours

The Program will be applicable regardless of the transaction time.

### Program Incentives

1. Progressive Tiered Volume Incentives:

Participants in the Program may receive discounted surcharges for exchange of futures for physical (“EFP”) trades in the Products depending on their overall average daily volume (“ADV”) of EFPs transacted in the Products over a given calendar month. The incentives below only impact the above reference surcharges and standard exchange rates will continue to apply. The applicable surcharge amount will be based on a progressive volume tier structure as set forth in the table below:

EFP ADV (in sides)	EFP Surcharges (Per side)
0 to 2,500	\$1.00/Side
2,501-5,000	\$0.75/Side

5,001-8,000	\$0.50/Side
8,001-above	\$0.25/Side

2. Quarterly ADV Incentive:

Each calendar quarter that a participant in the Program accounts for two percent (2%) or more of the total combined volume on Globex in all CME FX standard sized futures products (“Qualifying Quarter”), the applicable participant will qualify to receive reduced EFP Surcharges in all CME FX standard sized futures products traded during the calendar quarter immediately following the applicable Qualifying Quarter. The reduced fees are as follows:

<b>EFP Surcharges (Per side)</b>
\$0.50/Side

The Progressive Tiered Volume Incentive described above may not be combined with the Quarterly ADV Incentive and will be not be applied during a respective participant’s Qualifying Quarters.

**Monitoring and Termination of Status**

The Exchange shall monitor trading activity 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.