

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 14-553 (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): December 12, 2014 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

December 12, 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 Retail Broker Incentive Program  
NYMEX Submission No. 14-553 (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 January 1, 2015.

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: Prevention of Market Disruption, Execution of Transactions, Protection of Market Participants, Compliance with Rules, and Recordkeeping.

The Program will 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. 14-553 (3 of 4) 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 ~~and KCBT~~ 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. Online retail based brokerage firms with ~~a significant number of~~ at least 20,000 active direct retail trading accounts or retail business at CME Clearing Firms may apply for participation in the Program. Participants must have at least one (1) full calendar year of trading activity in order to be eligible for the Program. Notwithstanding the foregoing, the Exchanges may add or subtract from the aforementioned criteria as they deem necessary.

### Program Term

Start date is June 17, 2013. End date is ~~December 31, 2014~~ December 31, 2015.

### Hours

N/A

### Obligations

Participants must, at minimum, have one (1) Futures-specific educational/marketing initiative per month that focuses on a specific Exchange product. Initiatives may include, but not limited to, educational events, advertising, and written product content such as whitepapers/articles. To receive the Program incentives, participants must supply the Exchange with invoices showing expenses of the initiatives. CME will rebate the lesser of the cost of the initiative or the amount of rebate credited to the participant. It will be the responsibility of each participant to provide Exchange defined detailed metrics on all initiatives on a monthly basis.

### Program Incentives

~~Once accepted into the Program, each calendar month participants may be eligible to receive rebates based on increases in revenue attributable to trades executed in the Products by respective participants' third party customers.~~

Upon satisfying all Program obligations, as determined by the Exchanges, each calendar month participants may be eligible to receive fee rebates in accordance with the following:

Monthly Baseline: Once accepted into the Program, the Exchanges will calculate the average monthly revenue attributable to the applicable participant that was generated from direct end-user non-member customer trading activity ("Customer Revenue") during the previous calendar year ("Monthly Baseline"). The Monthly Baseline will be recalculated for 2015 in the same manner using each participant's respective average monthly revenue generated during 2014. At the beginning of every month, the Exchanges will calculate each participant's revenue growth for the prior month versus the Monthly Baseline.

Qualifications: For each calendar month of participation in the Program that a participant's revenue:

- (i) exceeds the Monthly Baseline by fifteen percent (15%) or more, the participant will receive a rebate of ten percent (10%) off all previous month's revenue, or
- (ii) exceeds the Monthly Baseline by thirty percent (30%) or more, the participant will receive a rebate of fifteen percent (15%) off all previous month's revenue.

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

The Exchanges' shall monitor activity in the Products 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.