

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 14-552

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 16, 2014 Filing Description: Implementation of the CME Electronic 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 16, 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: Implementation of the CME Electronic Incentive Program  
CME Submission No. 14-552**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to implement the CME Electronic Incentive Program ("CEIP" or "Program"). The proposed Program will become effective on January 1, 2015.

Exhibit 1 sets forth the terms of the Program.

CME 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 does not incentivize manipulative trading or market abuse or 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 Exchange staff using criteria as set forth 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 and 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](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 CME Submission No. 14-552 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## CME ELECTRONIC INCENTIVE PROGRAM

### **Program Purpose**

The purpose of this Program is to incentivize firms 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 products available for trading on the Globex® Platform ("Products").

### **Eligible Participants**

There is no limit to the amount of participants that may be selected in the Program. In order to be eligible for Program participation, potential participants must satisfy a minimum volume requirement of fifty (50) sides per day in the previous calendar quarter. All approved non-members may participate. Program participants must be a proprietary trading firm. A proprietary trading firm is 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. Traders must be owners of, employees of, or contractors to the firm. Additionally, proprietary trading firms must meet the following criteria:

- All profits and losses of the account are included in the income of the firm.
- All profits and losses of the account are taxed to the firm.
- The trader (non-owner) does not make any capital contribution to the account.
- Only the firm's capital is at risk of loss; no traders may make any contributions or payments to the firm nor have any capital at risk.
- All trading activity must be solely for the benefit of the participant. No other individuals or entities can have any ownership interest in the participant's proprietary accounts.
- All funds contributed to and traded under the Program are subject to loss from any and all trading activity of the Program.

### **Program Term**

Start date is January 1, 2015. End date is December 31, 2015.

### **Obligations**

For continued eligibility, Program participants must satisfy a minimum volume requirement of fifty (50) sides per day in the previous calendar quarter.

### **Program Incentives**

*Fee Discounts:* Upon satisfying all Program obligations, as determined by the Exchange, each Program participant may be eligible to receive fee discounts for the Products in accordance with the table below:

<b>Product Category</b>	<b>All-In Base Rate</b>
Agricultural Futures	\$.96
Agricultural Options	\$.96
Weather Products	\$.49
Foreign Exchange Futures	\$.64
Foreign Exchange Options	\$.64
E-Mini FX Products	\$.64
E-Micro FX Products	\$.10
Equity Futures	\$1.325
Equity Options	\$1.30
E-Mini Equity Futures	\$.645
E-Mini Equity Options	\$.545
E-Micro Equity Futures	\$.60
USD Ibovespa	\$1.25
Interest Rate Products	\$.59
Eurodollar and Euroyen Options	\$.59
Euribor Futures	\$.44
Fixed Income Products	\$.74
2-Year Eurodollar Bundle Futures	\$4.72
3-Year Eurodollar Bundle Futures	\$7.08
5-Year Eurodollar Bundle Futures	\$11.80
2-Year Eurodollar Bundle Options	\$4.12
3-Year Eurodollar Bundle Options	\$6.03
5-Year Eurodollar Bundle Options	\$9.86

### **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 or fails to meet the obligations of the Program.