



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

November 14, 2013

**VIA E-MAIL**

Ms. Melissa Jurgens  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**RE: CME Interest Rate Portfolio Incentive Program  
CME Submission No. 13-533**

Dear Ms. Jurgens:

Chicago Mercantile Exchange Inc. ("CME" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") that it plans to implement an incentive program in support of certain Interest Rate futures traded on the CME Globex® platform ("Program"). The Program includes over-the-counter ("OTC") interest rate swap ("IRS") clearing at CME as a component of program participation. The proposed Program will become effective on December 1, 2013.

Exhibit 1 sets forth the terms of the proposed Program.

CME business staff responsible for the Program and the CME Legal Department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodities 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 Recordkeeping.

The proposed Program's incentive structure 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 all market participants that trade under the Program to prevent manipulative trading and market abuse. The incentives in the proposed Program do 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's rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The proposed Program is subject to these rules. The proposed Program will be 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 contact Tim Elliott at 312-466-7478 or via e-mail at [tim.elliott@cmegroup.com](mailto:tim.elliott@cmegroup.com), or contact me at 212-299-2200. Please reference our CME Submission No. 13-533 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# **EXHIBIT 1**

## **CME Interest Rate Portfolio Incentive Program**

### **Program Purpose**

The purpose of this Program is to incentivize Program participants to trade certain Interest Rate futures products on the CME Globex® Platform. In addition, the Program indirectly incentivizes market participants to clear over-the-counter (“OTC”) interest rate swaps at CME. The resulting increase in liquidity benefits all participant segments in the market.

### **Product Scope**

All CME Eurodollar futures and CBOT Treasury futures products available for trading on the Globex® Platform (“Products”). The Program will also take into account a participant's total activity across the entire suite of CME interest rate swap products cleared by CME.

### **Eligible Participants**

CME may designate up to ten (10) participants in the Program. Participants must be CME or CBOT members. Exchange staff looks at a variety of factors when selecting participants including, but not limited to, historical performance in the Products and experience trading the Products. Participants in the Program may not concurrently be participating in the CME Interest Rate Market Maker Program for Eurodollar Pack and Bundle Futures or the CME/CBOT Asset Manager Fixed Income Incentive Program. Notwithstanding the foregoing, CME may add or subtract from the aforementioned criteria as it deems necessary.

### **Program Term**

Start date is December 1, 2013. End date is May 31, 2015.

### **Hours**

N/A

### **Program Incentives**

*Fee Discounts:* Upon satisfying all Program requirements, as determined by the Exchange, Program participants may qualify for predetermined fee discounts based on the amount of volume traded in the Products on Globex® and the amount of interest rate swap volume cleared at CME.

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

CME 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.