

March 11, 2014

**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: Nikkei 225 Yen-Based Market Maker Program  
CME Submission No. 14-069**

Dear Ms. Jurgens:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") that it plans to implement a market maker program in support of Nikkei 225 Yen-based options contracts that are traded on CME Globex ("Program"). The proposed Program will become effective on April 13, 2014.

Exhibit 1 sets forth the terms of this Program.

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 Recordkeeping.

The Program will not impact the Exchange's ability to perform its trade practice and market surveillance obligations under the CEA and CME market regulation staff will monitor trading in the Program's products to prevent manipulative trading and market abuse. Additionally, CME has implemented systems to track Program participants' volume to ensure proper distribution of earned incentives. The Program does not impact the Exchange's order execution. Participants in the Program will be selected by CME staff using criteria as further stated in Exhibit 1. Chapter 4 of the CME rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program will be 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 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. 14-069 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## Nikkei 225 Yen-Based Market Maker Program

### Program Purpose

The purpose of this program is to build liquidity in the CME Yen-Denominated Nikkei 225 options contracts traded on Globex®. A more liquid contract benefits all participants in the market.

### Product Scope

Nikkei 225 Yen-based options contracts traded on Globex® (“Product”).

### Eligible Participants

CME may designate up to ten (10) participants in the Program. Participants may be CME members or non-members. Potential participants will be required to submit a bid sheet/application to CME describing qualifications for participation. CME, in its sole discretion, will use a variety of factors in determining whether or not a prospective market maker is selected to participate in the Program, including the prospective market maker’s ability to commit to and maintain at least the minimum required quoting obligations and the prospective market maker’s participation and historical performance in options products. CME may, from time to time, add or subtract from the aforementioned factors as it deems necessary.

### Program Term

Start date is April 13, 2014. End date is March 31, 2015.

### Hours

Contracted hours during RTH, ETH-Asia, and ETH-EMEA, as applicable.

### Stage 1 – April 13, 2014 through September 30, 2014

*Obligations:* During Stage 1, participants must trade in the Products in order to receive predetermined fee waivers. In order to qualify for Stage 2, participants must achieve the recommended quoting obligations of Stage 2 during the month of September.

*Incentives:* For each calendar month that a participant meets the Stage 1 obligations, as determined by the Exchange, the participant shall be eligible to receive fee waivers for Globex fees, CME Clearing fees, EFP fees, and block trade fees.

### Stage 2 – October 1, 2014 through March 31, 2015

*Obligations:* In order to qualify for Stage 2, participants must have achieved the recommended quoting obligations of Stage 2 during the month of September. During Stage 2, participants are required to quote 75% of the time within their designated region/time zone at maximum bid-ask spreads, respond to

Requests-for-Quotes (“RFQs”), and participate in quoting option blocks. Participants must comply with the following quoting requirements:

	Expiration Month	Max Bid-Ask	Depth	Time in Market
“At-the-Money” (ATM) Strike	1st	20	1	75%
	2nd			
	3rd	30		
	4th			
“Out-of-the-Money” (OTM) Strike*	1st	10		
	2nd			
	3rd	20		
	4th			

\*OTM Strike. 5 puts and 5 calls are required to be quoted under the stated obligations. In total, a participant must quote 12 strikes (ATM Put & Call with 5 OTM Puts & 5 OTM Calls) across 4 tenors, or 48 instruments.

Incentives: For each calendar month that a participant meets the Stage 2 obligations, as determined by the Exchange, the participant shall be eligible to receive fee waivers for Globex fees, CME Clearing fees, EFP fees, and block trade fees.

### **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.