



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

May 15, 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: Cross-Product Option Market Maker Program
CME/NYMEX/COMEX Submission No. 14-176**

Dear Ms. Jurgens:

Chicago Mercantile Exchange Inc. ("CME"), 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 implement the Cross-Product Option Market Maker Program ("Program"). The Program will become effective on June 1, 2014.

Exhibit 1 sets forth the terms of this Program.

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 does not impact the Exchanges' ability to perform its trade practice and market surveillance obligations under the CEA and the Exchanges' market regulation staff will monitor all trading in the Program's products to prevent manipulative trading and market abuse. Additionally, the Exchanges' have implemented systems to track Program participants' obligations to ensure proper distribution of earned incentives. The incentives in the Program do not impact the Exchanges' order execution. Participants in the Program will be selected by Exchange staff using criteria as further stated in Exhibit 1. Chapter 4 of the Exchanges' 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 will expressly agree to comply with and be subject to, applicable regulations and Exchange 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 contact Tim Elliott at 312-466-7478 or via e-mail at tim.elliott@cmegroup.com, or contact me at 212-299-2200. Please reference our CME/NYMEX/COMEX Submission No. 14-176 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

Cross-Product Option Market Maker Program

Program Purpose

The purpose of this Program is to enhance liquidity in the options products listed below. A more liquid contract benefits all participants in the market.

Product Scope

Product Line 1: E-mini S&P 500 Options ("ES"), E-mini S&P 500 EOM Options ("EW"), E-mini S&P 500 Weekly Options Wk 1 ("EW1"), E-mini S&P 500 Weekly Options Wk 2 ("EW2"), E-mini S&P 500 Weekly Options Wk 4 ("EW4");

Product Line 2: Natural Gas Options ("ON"), Natural Gas Weekly Options Wk 1 ("ON1"), Natural Gas Weekly Options Wk 2 ("ON2"), Natural Gas Weekly Options Wk 3 ("ON3"), Natural Gas Weekly Options Wk 4 ("ON4"), Natural Gas Weekly Options Wk 5 ("ON5");

Product Line 3: Silver Options ("SO"), Silver Weekly Options Wk 1 ("SO1"), Silver Weekly Options Wk 2 ("SO2"), Silver Weekly Options Wk 3 ("SO3"), Silver Weekly Options Wk 4 ("SO4"), Silver Weekly Options Wk 5 ("SO5");

Product Line 4: Gold Options ("OG"), Gold Weekly Options Wk 1 ("OG1"), Gold Weekly Options Wk 2 ("OG2"), Gold Weekly Options Wk 3 ("OG3"), Gold Weekly Options Wk 4 ("OG4"), Gold Weekly Options Wk 5 ("OG5"); and

Product Line 5: Crude Oil Options ("LO"), Crude Oil Weekly Options Wk 1 ("LO1"), Crude Oil Weekly Options Wk 2 ("LO2"), Crude Oil Weekly Options Wk 3 ("LO3"), Crude Oil Weekly Options Wk 4 ("LO4"), and Crude Oil Weekly Options Wk 5 ("LO5") ("Products").

Eligible Participants

The Exchanges may designate up to ten (10) participants in the Program. The Program is available to both members and non-members. Potential participants are required to submit an application/bid sheet to the Exchanges as part of a competitive application process which is used to determine eligibility. In determining whether or not a prospective participant is selected to participate in the Program, Exchange staff may take into account a variety of factors including the strength of the quoting obligations the prospective participant is willing to commit to provide, whether Exchange staff believes that the prospective participant can maintain such obligations, and historical volume trading the Products and similar contracts. The Exchanges may, from time to time, add or subtract from the aforementioned requirements as they deem necessary.

Program Term

Start date is June 1, 2014. End date is June 30, 2015.

Hours

8:30 A.M. to 3:15 P.M. CST

Obligations

Participants must commit to quote four (4) out of five (5) products lines. Participants must meet 90% time-in-market in all four (4) product lines.

If a participant's quotes-per-second ("QPS") across all products have been removed in two (2) separate months, the participant may be removed from the Program.

Program Incentives

Participants will be allotted QPS during the first month of the Program per product line. Upon meeting all obligations, as determined by the Exchanges, participants may be eligible to maintain their 1000 QPS allotment per product line in subsequent months. Participants will be eligible to receive up to 5000 QPS in total.

Stage 1: Start-Up Period (June 1, 2014 – August 30, 2014*)

QPS Allocation: During the first month of the Program, all participants will receive QPS allocation. After the first month of the Program, a participant's performance based on its obligations determines QPS allocation, in accordance with the following.

Participants must commit to quote four (4) out of the five (5) product lines, defined as follows:

- Participants must meet 90% time-in-market in all 4 product lines (which includes the first 4 listed expirations) in order to keep the 1000 QPS per product line incentive across all 4 product lines.
- Participants may continue to receive incentives on product lines where the 90% time-in-market requirement is met if:
 - 3 of 4 product lines meet 90% time-in-market
 - 1 of 4 product lines fails to meet 90%, but remains at or above 70%

*The Exchanges may extend "Stage 1" beyond this end date if necessary to accommodate technological implementation.

Stage 2: Performance-Based QPS Allocation (From expiration of "Start-Up Period" – June 30, 2015)

QPS Allocation: Participants must meet quoting obligations, including additional depth requirements, during that applicable month in order to continue to receive the incentive of 1000 QPS per product line for the following month, in accordance with the following.

Participants must commit to quote four (4) out of the five (5) product lines, defined as follows:

- Participants must meet 90% time-in-market in all 4 product lines (which includes the first 4 listed expirations) in order to keep the 1000 QPS per product line incentive across all 4 product lines.
- Participants may continue to receive incentives on product lines where the 90% time-in-market requirement is met if:
 - 3 of 4 product lines meet 90% time-in-market
 - 1 of 4 product lines fails to meet 90%, but remains at or above 70%

Monitoring and Termination of Status

A participant may be granted a single-month exception in which the participant will be eligible to receive the incentives if the 4th of the 4 product lines falls below 70%, but remains above 50%. This is a one-time exception that can be granted during either Stage 1 or Stage 2, but will not regenerate as the Program moves from Stage 1 to Stage 2.

The Exchanges shall monitor trading activity and participants' performance and shall retain the right to revoke Program participant status if they conclude from review that a Program participant no longer meets the eligibility requirements or fails to meet the obligations of the Program.