

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 18-040

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): January 17, 2018 Filing Description: Implementation of the Latin America ("LatAm") Interest Rate Swap ("IRS") House 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

January 17, 2018

**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 LatAm IRS House Incentive Program  
CME Submission No. 18-040**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to implement the LatAm IRS House Incentive Program ("Program"). The proposed Program will become effective on February 1, 2018.

Exhibit 1 sets forth the terms of the Program.

CME reviewed the derivatives clearing organization 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: Financial Resources, Participant and Product Eligibility, Rule Enforcement, Recordkeeping, and Public Information.

The incentives in the Program will have a non-material impact on the financial resources of CME. As such, the Program will not prevent CME from demonstrating that it has adequate financial, operational, and managerial resources to discharge its responsibilities as a derivatives clearing organization. Further, the incentives provided under the Program will not impact CME's ability to perform its monitoring or enforcement obligations under the CEA. Chapter 4 of the CME rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program will be subject to these rules. Participants in the Program will be selected by CME staff using criteria as set forth in Exhibit 1. All participants must execute a contractual agreement with CME in which each participant will expressly agree to comply with, and be subject to, applicable regulations and CME rules. Additionally, the Program is subject to CME's record retention policies, which comply with the CEA. The Program will be publicly posted on CME's website.

Pursuant to Section 5c(c) of the CEA and CFTC Regulation 40.6(a), the Exchange hereby certifies that this Program complies with the CEA, including regulations thereunder. There were no substantive opposing views to this proposal.

CME certifies that this submission has been concurrently posted on CME'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. 18-040 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

300 Vesey Street New York, NY 10282 T 212 299 2200 F 212 299 2299 [christopher.bowen@cmegroup.com](mailto:christopher.bowen@cmegroup.com)

# EXHIBIT 1

## LatAm IRS House Incentive Program

### **Program Purpose**

The purpose of this Program is to incentivize Latin American-centric firms to support and build liquidity in CME's OTC IRS products. Additional liquidity benefits all participant segments of the market.

### **Product Scope**

All OTC IRS products cleared by the CME Clearing House ("Products").

### **Eligible Participants**

There is no limit to the number of participants that may participate in the Program. Participants must be subject to the CME Cleared IRS House Fee Schedule to be eligible for Program participation.

### **Program Term**

Start date is February 1, 2018. End date is January 31, 2019.

### **Hours**

N/A

### **Obligations**

In order to be eligible to receive the Program incentives, participants must meet predetermined volume thresholds in the Products.

### **Incentives**

Upon meeting all Program obligations, as determined by CME, participants may be eligible to receive predetermined incentives.

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

CME shall monitor activity and participants' performance and shall retain the right to revoke participant status if it concludes from review that a participant has failed to meet the eligibility requirements or obligations of the Program.