

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 15-060

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): February 12, 2015 **Filing Description:** OTC Credit Default Swap Dealer Founding Member 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: N/A

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:

February 12, 2015

VIA ELECTRONIC PORTAL

Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

**RE: OTC Credit Default Swap Dealer Founding Member Incentive Program
CME Submission No. 15-060**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME" or "Clearing House") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") that it has entered into an agreement to implement an incentive program in support of over-the-counter ("OTC") credit default swaps ("CDS") products that are submitted to the Clearing House for clearing ("Program"). The proposed Program will become effective on March 1, 2015.

Exhibit 1 sets forth the terms of the proposed Program. Please note that a related submission, CME Submission No. 15-060S, is being filed concurrently, along with a request for confidential treatment for CME Submission No. 15-060S.

CME reviewed the derivatives clearing organization ("DCO") core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act"). During the review, CME staff identified the following Core Principles as potentially being impacted: Financial Resources, Participant and Product Eligibility, Rule Enforcement, Recordkeeping, Governance Fitness Standards, Conflicts of Interest, and Composition of Governing Boards.

The incentives in the proposed Program will have a non-material impact on the financial resources of the Clearing House. As such, the Program will not prevent the Clearing House from demonstrating that it has adequate financial, operational, and managerial resources to discharge its responsibilities as a DCO. CME has selected the firms that are eligible for the Program based on their participation as founding members in CME's CDS clearing offering. Further, the incentives provided under the Program will not impact the Clearing House'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 proposed Program will be subject to these rules. The proposed Program will be subject to the Clearing House's records retention policies which comply with the CEA. CME recognizes that there would be reason to be concerned in circumstances where one particular member of a DCO was able to acquire a controlling influence in the administration of the affairs of the DCO. Such circumstances would have the potential to jeopardize a DCO's ability to operate impartially; a single controlling member might be tempted to exercise its controlling influence by directing the DCO to refrain from diligently surveilling the member's conduct or from punishing any conduct that violates the rules of the DCO, CEA or other applicable laws. The concerns are not present with the governance incentives offered to Program participants. The Program participants are a large group of diverse CDS clearing participants representing a wide segment of the current CDS clearing intermediary market. Further, the governance incentives provide for significant market participant participation in the governance of CDS products consistent with DCO Core Principles O and Q. No single participant would be able to obtain a concentrated and outsized influence that would implicate the concerns outlined above nor is any specific participant guaranteed representation on the CDS Risk Committee.

CME certifies that the Program complies with the CEA and the regulations thereunder. There were no substantive opposing views to this Program.

The Clearing House certifies that this submission has been concurrently posted on the Clearing House's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you require any additional information regarding this submission, please contact Jason Silverstein at 212-299-2228 or via e-mail at Jason.Silverstein@cmegroup.com, or contact me at 212-299-2200. Please reference our CME Submission No. 15-060 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

OTC CREDIT DEFAULT SWAP DEALER FOUNDING MEMBER INCENTIVE PROGRAM

Program Purpose

The purpose of the Program is to incentivize large market participants to support the development of, and participation in, CME's offering for the centralized clearing of CDS. Additional transparency in the CDS market provided by centralized clearing benefits all market participants.

Product Scope

CME OTC Credit Default Swaps cleared by the Clearing House ("CDS Products").

Eligible Participants

CME will select the participants based on their ability to provide liquidity, their client clearing and risk management expertise as well as their willingness to test and generally support centralized clearing in the CDS Products prior to inception and on an on-going basis. Notwithstanding the foregoing, CME may add or subtract from the aforementioned criteria as it deems necessary.

Program Term

The initial term of the Program runs through June 30, 2015 ("Initial Term"). The Program may renew thereafter for successive one (1) year periods.

Incentives

Once accepted into the Program, the participants may be eligible to receive predetermined incentives.

Monitoring and Termination of Status

CME shall monitor activity in the Products 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.