

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 17-055 (1 of 2)

**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 13, 2017 **Filing Description:** Modifications to the Agricultural Options Market Maker 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:**

February 13, 2017

**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: Modifications to the Agricultural Options Market Maker Program  
CME Submission No. 17-055 (1 of 2)**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME") and The Board of Trade of the City of Chicago, Inc. ("CBOT") (collectively, the "Exchanges") hereby notify the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to modify the Agricultural Options Market Maker Program ("Program"). The modifications to the Program will become effective on March 1, 2017.

Exhibit 1 sets forth the terms of this Program. Modifications appear below, with additions underlined and deletions ~~overstruck~~.

The Exchanges reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, the Exchanges' 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 their trade practice and market surveillance obligations under the CEA and the Exchanges' market regulation staff will monitor trading in the Program's products to prevent manipulative trading and market abuse. Additionally, the Exchange has implemented systems to track Program participants' obligations under the Program to ensure proper distribution of earned incentives. The incentives in the Program do not impact the Exchange's order execution. Participants in the Program will be selected by Exchanges' 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 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 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. 17-055 (1 of 2) in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## Agricultural Options Market Maker Program

### Program Purpose

The purpose of this Program is to incentivize market participants to trade the products listed below. The resulting increase in liquidity benefits all participant segments in the market.

### Product Scope

Options on the following Agricultural products that are traded on Globex:

Dairy, Class III Milk, Cash-Settled Cheese, Non-fat Dry Milk, Cash-Settled Butter, Class IV Milk, Dry Whey, Corn, Soybeans, Chicago SRW Wheat, KC HRW Wheat, Soybean Meal, Soybean Oil, Live Cattle, Lean Hogs, Feeder Cattle, Weekly Options, South American SDNC Short-Dated New Crop ("SDNC") Corn Options, SDNC Soybean Options, and SDNC Meal & Oil ("Products").

### Eligible Participants

There is no limit to the number of participants that may participate in the Program. To be eligible for participation, a participant must be a CME or CBOT Member Firm or individual member within division and hold a 106 R., H., S., or J. membership.

Minimum Volume Requirements. Potential participants must meet the following Minimum Volume Requirements during the month immediately preceding entrance into the Program:

<u>Product</u>	<u>Average Daily Volume ("ADV")*</u>	<u>% of Product ADV*</u>
<u>Corn</u>	<u>500</u>	<u>.5%</u>
<u>Soybeans</u>	<u>400</u>	<u>.5%</u>
<u>Chicago SRW Wheat</u>	<u>150</u>	<u>.5%</u>
<u>Meal/Oil</u>	<u>50</u>	<u>.5%</u>
<u>Live Cattle</u>	<u>75</u>	<u>.5%</u>
<u>Feeder Cattle</u>	<u>10</u>	<u>.5%</u>
<u>Lean Hogs</u>	<u>50</u>	<u>.5%</u>
<u>Dairy</u>	<u>10</u>	<u>.5%</u>

\*Potential participants must meet whichever metric is lower.

### Program Term

Start date is January 2, 2014. End date is ~~February 28, 2017~~ December 31, 2017.

### Hours

RTH and/or ETH

## Obligations

Quoting Requirements. All participants will be required to quote on outright options for the first three (3) contracts (nearby and 2+ back months) months at any given time with seven (7) strikes over the ATM strike and 7 strikes below the ATM strike.

Participants must additionally be able to respond to Request-for-Quotes (“RFQ”) orders and execute spread options between 8:30 A.M. and 1:15 P.M.

<b>PRODUCTS</b>	<b>QUOTING REQUIREMENTS</b>
Corn Option Complex	(1) Quote on outright options for the first three (3) contracts months with seven (7) strikes over the ATM strike and 7 strikes below the ATM strike, and (2) Respond to RFQ orders
Soybean Complex	(1) Quote on outright options for the first three (3) contracts months with seven (7) strikes over the ATM strike and 7 strikes below the ATM strike, and (2) Respond to RFQ orders
Wheat Option Complex	(1) Quote on outright options for the first three (3) contracts months with seven (7) strikes over the ATM strike and 7 strikes below the ATM strike, and (2) Respond to RFQ orders
Soybean Meal Option Complex	(1) Quote on outright options for the first three (3) contracts months with seven (7) strikes over the ATM strike and 7 strikes below the ATM strike, and (2) Respond to RFQ orders
Soybean Oil Option Complex	(1) Quote on outright options for the first three (3) contracts months with seven (7) strikes over the ATM strike and 7 strikes below the ATM strike, and (2) Respond to RFQ orders
Feeder Cattle	(1) Quote on outright options for the first three (3) contracts months with seven (7) strikes over the ATM strike and 7 strikes below the ATM strike, and (2) Respond to RFQ orders
Live Cattle	(1) Quote on outright options for the first three (3) contracts months with seven (7) strikes over the ATM strike and 7 strikes below the ATM strike, and (2) Respond to RFQ orders
Lean Hogs	(1) Quote on outright options for the first three (3) contracts months with seven (7) strikes over the ATM strike and 7 strikes below the ATM strike, and (2) Respond to RFQ orders
Dairy Complex	(1) Quote on outright options for the first three (3) contracts months with seven (7) strikes over the ATM strike and 7 strikes below the ATM strike, and (2) Respond to RFQ orders

## Incentives

Fee Discounts. Upon satisfying all Program obligations, as determined by the Exchanges, each Program participant shall be eligible to receive a percentage discount on all-in fees in accordance with the following table.

<b>Product</b>	<b>Rank</b>		
	<b>#1</b>	<b>#2</b>	<b>#3</b>

<b>Corn</b>	40%	30%	20%
<b>Soybeans</b>	40%	30%	20%
<b>Wheat</b>	75%	50%	50%
<b>Soybean Meal</b>	<del>100%</del> <u>75%</u>	<del>75%</del> <u>50%</u>	50%
<b>Soybean Oil</b>	<del>100%</del> <u>75%</u>	<del>75%</del> <u>50%</u>	50%
<b>Live Cattle</b>	75%	50%	50%
<b>Lean Hogs</b>	75%	50%	50%
<b>Feeder Cattle</b>	75%	50%	50%
<b>Dairy Options</b>	75%	<del>75%</del> <u>50%</u>	<del>75%</del> <u>50%</u>

Qualification for the fee discounts are based on ranking methodology as determined by the Exchanges, in accordance with the following table:

Product	Sub-Product	Product Weighting
<b>Corn</b>		
	Standard	<del>20%</del> <u>40%</u>
	Weekly	<del>40%</del> <u>30%</u>
	SDNC	<del>40%</del> <u>30%</u>
<b>Soybeans</b>		
	Standard	<del>20%</del> <u>40%</u>
	Weekly	30%
	SDNC	<del>25%</del> <u>30%</u>
	SA-SDNC	25%
<b>Wheat</b>		
	Standard	30%
	Weekly	<del>20%</del> <u>0%</u>
	SDNC	20%
	KC Standard	<del>30%</del> <u>70%</u>
<b>Meal</b>		
	Standard	<del>60%</del> <u>50%</u>
	Weekly	<del>20%</del> <u>50%</u>
	SDNC	20%
<b>Oil</b>		
	Standard	<del>60%</del> <u>50%</u>
	Weekly	<del>20%</del> <u>50%</u>
	SDNC	20%
<b>Dairy</b>		
	<u>Class III</u>	<u>5%</u>
	<u>Cash Settled</u> <u>Cheese</u>	<u>25%</u>
	<u>Nonfat Dry Milk</u>	<u>25%</u>
	<u>Cash Settled</u> <u>Butter</u>	<u>25%</u>
	<u>Class IV Milk</u>	<u>10%</u>

	Dry Whey	10%
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**Monitoring and Termination of Status**

The Exchanges shall monitor participants' activity and performance 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 or obligations of the Program.