

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 18-296

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): July 10, 2018 Filing Description: Modifications to the OTC FX Non-Deliverable Forwards 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:

July 10, 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: Modifications to the OTC FX Non-Deliverable Forwards Incentive Program
CME Submission No. 18-296**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME" or "Clearing House") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to modify the OTC FX Non-Deliverable Forwards Incentive Program ("Program"). The proposed modifications to the Program will become effective on July 27, 2018.

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

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, and Recordkeeping.

The incentives in the Program 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. 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. Participants in the Program are 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. All participants must expressly agree to comply with and be subject to, applicable regulations and CME rules. The Program is subject to the Clearing House's record retention policies which comply with the CEA.

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

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 or contact Rachel Johnson at 312-466-4393 or via e-mail at Rachel.Johnson@cmegroup.com. Please reference our CME Submission No. 18-296 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

OTC FX Non-Deliverable Forwards Incentive Program

Program Purpose

The purpose of the Program is to enhance and incentivize participants to support the development of CME's offering of over-the-counter ("OTC") foreign exchange ("FX") non-deliverable forwards ("NDFs"). The resulting liquidity benefits all participant segments of the market.

Product Scope

The following ~~foreign exchange ("OTC FX") non-deliverable forwards ("NDFs")~~: USDBRL, USDCNY, USDIDR, USDTWD, USDINR, USDKRW, ~~USDMYR~~, USDPHP, USDRUB, USDPEN, USDCOP, and USDCLP ("Products").

Eligible Participants

CME will select participants based on their ability to support OTC FX NDFs. Participants may be members or non-members. There is no limit to the number of participants that may participate in the Program. Notwithstanding the foregoing, CME may add or subtract from the aforementioned criteria as it deems necessary.

Program Term

Start date is November 1, 2017. End date is December 31, 2022.

Incentives

Upon meeting all requirements, as determined by CME, participants will be eligible to receive predetermined incentives

Monitoring and Termination of Status

CME shall monitor activity and Program 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 requirements of the Program.