

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 16-517

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): December 2, 2016 Filing Description: Modifications to the CME Incentive Program for Over-The-Counter Interest Rate Swaps

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers: **Not Applicable**

New Product

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

Official Product Name:

Product Terms and Conditions (product related Rules and Rule Amendments)

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected:

Rule Numbers:



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

December 2, 2016

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 CME Incentive Program for Over-The-Counter Interest Rate Swaps
CME Submission No. 16-517**

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 its volume incentive program in support of Over-The-Counter Interest Rate Swaps products ("Program"). The modifications to the Program will become effective on January 1, 2017.

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

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, Public Information, and Information Sharing.

The incentives in this Program will have a non-material impact on the financial resources of the Clearing House. As such, it will not prevent the Clearing House from demonstrating that it has adequate financial, operational, and managerial resources to discharge its responsibilities as a DCO. Participants in the Program are selected by CME staff using criteria as set forth in Exhibit 1. 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 Program is subject to these rules. The Program is subject to the Clearing House's records 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. 16-517 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

CME Incentive Program for Over-The-Counter Interest Rate Swaps

Program Purpose

The purpose of the Program is to incentivize participants to increase the volume in CME over-the-counter (“OTC”) interest rate swaps which will improve market liquidity. The resulting addition of liquidity for these Products (as defined below) benefits all participants in the market.

Product Scope

CME OTC Interest Rate Swaps cleared by the Clearing House (“Products”).

Eligible Participants

CME may designate up to five (5) participants in the Program based on their level of expertise and experience with the Products. Participants may be CME members and/or non-members. CME will also ~~take~~ consider potential participants’ experience in the Products and historical volume in the Products with the Clearing House when making its selections.

Program Term

Non-Asset Managers

Initial Qualification Period: January 6, 2012 through December 31, 2012

Initial Earned Incentive Period: January 1, 2013 through ~~December 31, 2016~~ June 30, 2017

Extension Qualification Period: July 1, 2017 through March 31, 2018

Extension Earned Incentive Period: July 1, 2017 through December 31, 2021

Asset Managers

Initial Qualification Period: January 6, 2012 through December 31, 2012

Initial Earned Incentive Period: January 1, 2013 through December 31, 2021

Extension Qualification Period: July 1, 2017 through March 31, 2018

Extension Earned Incentive Period: January 1, 2022 through December 31, 2026

Hours

N/A

Obligations

Participants must provide designated accounts to CME in order for the account to receive consideration for the incentives described below. Participants must meet certain thresholds during each Qualification Period defined above in order to be eligible to receive the Program incentives during the Earned Incentive Periods set forth above.

Incentives

1. Fee Discounts. Once accepted into the Program, participants will be eligible to receive predetermined discounts for transaction fees and maintenance fees in the Products ~~during the Term~~.
2. Volume Discount Incentives. Additionally, once accepted into the Program, participants may qualify for predetermined fee discounts based on the overall fees charged for transactions in the Products submitted to the Clearing House during ~~the~~ each Qualification Period defined above.

Monitoring and Termination of Status

~~The Clearing House~~ CME shall monitor participants' activity and performance and shall retain the right to revoke Program participant status if ~~they~~ it concludes from review that a Program participant no longer meets the eligibility requirements of the Program.