

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 17-549

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 14, 2017 Filing Description: Implementation of the U.S. Dollar Swaptions 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:

December 14, 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: Implementation of the U.S. Dollar Swaptions Incentive Program
CME Submission No. 17-549**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to implement the U.S. Dollar Swaptions Incentive Program ("Program"). The proposed Program will become effective on January 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 or contact Rachel Johnson at 312-466-4393 or via e-mail at Rachel.Johnson@cmegroup.com. Please reference our CME Submission No. 17-549 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

U.S. Dollar Swaptions Incentive Program

Program Purpose

The purpose of this Program is to incentivize market participants to support and build liquidity in CME's cleared swaption offering. Additional liquidity benefits all participant segments of the market.

Product Scope

OTC U.S. Dollar Swaptions ("Products").

Eligible Participants

There is no limit to the number of participants that may participate in the Program. Participants must be CME interest rate swap ("IRS") Clearing Members' House Accounts only.

Program Term

Start date is January 1, 2018. End date is June 30, 2020.

Hours

N/A

Obligations*

Q1 Obligation (January 1, 2018 – March 31, 2018): Participants must clear fifteen (15) swaptions, each of which must be at least \$25 million notional.

Q2 Obligation (April 1, 2018 – June 30, 2018): Participants must clear thirty (30) swaptions, each of which must be at least \$25 million notional.

Incentives*

Fee Waivers: All participants will receive fee waivers for both the swaption and the resulting cleared swap from exercise/assignment from January 1, 2018 through June 30, 2018.

Level 1 Incentives: Beginning July 1, 2018, participants that met either the Q1 Obligation or the Q2 Obligation set forth above will receive fee waivers for both the swaption and the resulting cleared swap from exercise/assignment through June 30, 2019.

Level 2 Incentives: Beginning July 1, 2018, participants that met both the Q1 Obligation and Q2 Obligation set forth above will receive fee waivers for both the swaption and the resulting cleared swap from exercise/assignment through June 30, 2020.

*Fees will be aggregated by parent firm name.

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.