

Amendments to CME, CBOT, NYMEX and COMEX
Rule 195 (Market Maker and Incentive Programs)

Pending all relevant CFTC regulatory review periods, effective Monday, December 21, 2015, Chicago Mercantile Exchange Inc. (“CME”), The Board of Trade of the City of Chicago, Inc. (“CBOT”), New York Mercantile Exchange, Inc. (“NYMEX”), and Commodity Exchange, Inc. (“COMEX”) (collectively, the “Exchanges”) will adopt amendments to each Exchange’s Rule 195 (“Market Maker and Incentive Programs”).

The amendments to Rule 195 consolidate and centralize certain generally applicable terms and conditions for participation in the Exchanges’ market maker and incentive programs (“Program” or “Programs”). The amendments to Rule 195 are intended to provide clarity and transparency with respect to certain participant responsibilities in the Exchanges Programs. Additionally, the amendments to Rule 195 will assist in streamlining the participant onboarding and renewal process, which will reduce complexity in the Program contracting process and enhance the experience of participants in such Programs.

The amendments to Rule 195 appear below, with additions underscored and deletions ~~overstruck~~.

CME/CBOT/NYMEX/COMEX Rulebook

Chapter 1
Rule 195

195. MARKET MAKER AND INCENTIVE PROGRAMS

~~The Exchange staff shall~~may approve the implementation of market maker or incentive programs, ~~pursuant (each individually a “Program” or collectively, “Programs”) from time to time to which market makers would~~time or modifications to existing Programs. The terms and conditions of each individual Program will be authorized to maintain two-sided markets set forth in those products designated by separate regulatory filings submitted to the Commodity Futures Trading Commission (“CFTC” or “Commission”). This Rule 195 contains terms and conditions that are generally applicable to the Exchange’s administration of the Programs.

~~Any person, entity, or firm that is accepted as a participant in any of the Exchange’s Programs shall be subject to Exchange– Rules as one of the Program terms and conditions (each such person, entity, or firm a “Participant”).~~

195.A. Restriction on Non-Public Knowledge

~~With the exception of allowable privately negotiated transactions and orders executed in accordance with Rule 539.C., an individual responsible for performing the duties of a market maker pursuant to this Rule in which the Participant would be required to maintain two-sided markets in products designated by the Exchange,~~ may not accept, hold or in any manner have possession or non-public knowledge of orders for any other person, including knowledge of customer orders, in the same or a related market. All contract months in the product and any related futures or options contracts, in addition to any corresponding mini-sized futures or options contracts, or swaps¹ shall be considered to be the same or a related market for purposes of this Rule.

¹ The reference to “or swaps” appears solely in CBOT Rule 195 and will be incorporated into the proposed amendments to Rule 195.

195.B. Program Terms and Conditions

1. Authority.

The Exchange shall have the sole authority to determine the qualifications, eligibility, product scope, start and end date, requirements, restrictions, obligations, and incentives of each Program ("Program Terms") and whether an applicant or current Participant meets or has met the Program Terms. The Exchange reserves the right in its sole discretion to apply and interpret Program Terms and modify Program Terms. The Exchange has sole discretion to determine whether a Participant is admitted into or continues participation in any Program.

2. Registration, Documentation, Accounts and Information.

The Exchange may require the Participant to provide and/or execute documentation, including but not limited to applications, bid sheets and/or agreements (collectively, "Documents") containing the Program Terms or other participant information prior to admission or continued participation in a Program. Where Documents are required, they must be submitted in accordance with any specified requirements set forth by the Exchange. The implementation or modification of a Program is subject to all applicable regulatory processes and certification with the CFTC, and the completion of such processes and certification are conditions precedent to the effectiveness of any Document.

All information supplied by the Participant concerning the Participant, its principals, and all other information set forth in its Documents must be true, correct and complete. Submission of incomplete, incorrect, or false information may subject the Participant to Exchange disciplinary action. The Participant agrees to notify the Exchange in writing of any material changes with respect to the information that take place after the Participant has submitted its Documents and, if accepted into the Program, for the duration of the Participant's participation in the Program.

The Participant must provide the Exchange with any required information including, without restriction, any account information, and register such accounts with the Exchange in order to be eligible to participate in the Program. Participant accounts must be registered with the Exchange for each Program into which a Participant is admitted. Any Participant that has not provided account information on a timely basis may not be eligible to receive incentives in the Exchange's sole discretion.

The Participant shall promptly notify the Exchange in writing if the Participant: (i) merges with or acquires, in whole or in part, any separate trading entity, or (ii) is acquired, in whole or in part, by any separate entity.

3. Monitoring of Participant Activity.

The Exchange shall have the right to monitor the Participant's activity to ensure compliance with the Program Terms.

4. Incentives.

The Exchange has the sole and final determination as to any rankings, calculations, accrual, and disbursement of incentives. Apart from the specific fee incentives listed in the Program, in any, all fees associated with transacting on the Exchange will continue to apply at the applicable standard rates.

5. Exchange Right to Terminate Participation.

The Exchange may terminate a Participant's status in a Program in its sole discretion, including but not limited to the following circumstances: (a) the Participant no longer meets the qualifications or eligibility requirements of the Program or has failed to meet any applicable Program obligations; (b) the Participant violates any of the Rules; (c) the Participant takes any action or engages in any omission that, in the Exchange's sole discretion, has an adverse effect on, or damages the reputation of, the Exchange, the Program's products, or any of the Exchange's trading and/or clearing venues; (d) such termination is necessary, in the sole discretion of the Exchange, to comply with any applicable law or regulation, or any other agreement, legal proceeding, investigation or settlement to which the Exchange, or any of its affiliates, is a party or which may affect the Exchange or any of its affiliates; (e) the Exchange is asked or required to terminate or modify the applicable Program by the Commission or its staff, or any other regulatory body or its staff with jurisdiction over such matters; (f) the Participant ceases

doing business as a going concern; (g) the Participant files any petition under the Federal Bankruptcy Act or any state insolvency law, becomes insolvent, has an involuntary petition in bankruptcy filed against it or has a receiver appointed for it or its property; (h) the Participant fails to maintain an appropriate clearing arrangement with an Exchange clearing member firm; or (i) the Exchange delists the products under the applicable Program, upon the effective date of such delisting.

6. Delisting of Program Products.

If the Exchange delists any product or any contract which is included in a specific Program expires, such contracts shall no longer be deemed eligible products under the applicable Program. To the extent that the terms of any such market maker program may be in conflict with any Rules of the Exchange, such terms shall supersede such Rules. additional products included in the applicable Program have not been delisted, the applicable Program shall remain in effect with respect to the remaining listed products unless otherwise terminated by the Exchange.

7. Limitation of Liability.

The Exchange shall not have any liability to Participant or any third party with respect to its administration of a Program, and the exclusive remedy of Participant for any claim under a Program will be termination of the applicable Document for enrolment in a Program and Participant's participation in a Program. The Exchange and its partners, directors, officers, employees, shareholders and agents shall not be liable to Participant, or to any third party, for any damages, whether actual, direct, indirect, incidental, special or consequential, of any type whatsoever, arising out of or relating in any manner to the administration of a Program, the Program Terms, and the applicable Document for enrolment in a Program. For the avoidance of doubt, the liability of the Exchange for any event not related to the administration of the Program shall be limited by Rule 578 and any related dispute shall be subject to the arbitration requirements of Rule 578.

195.C. Priority

Nothing in this Rule shall alter or waive a member's Participant's responsibility to comply with the provisions of the Commodity Exchange Act or Rules or Regulations of the Commodity Futures Trading Commission unless exempted by the Commission ("CEA" or "Act") and the rules and regulations duly issued pursuant thereto by the CFTC, including the filing of reports, maintenance of books and records, and permitting inspection and visitation by duly authorized representatives of the CFTC.

195. D. Participant Compliance

If a Participant is accepted into a Program, the Participant must comply with all applicable Program Terms, Exchange Rules, Exchange Fee Policy Bulletins, and Exchange policies located on CME Group Inc.'s website at www.cmegroup.com, including all amendments thereto.

Questions regarding these amendments or the below FAQ may be directed to:

Rachel Johnson, Sr. Regulatory Analyst, 312-466-4393

Barry Kanarek, Staff Attorney, 312-930-3368

Tim Elliott, Executive Director & Associate General Counsel, 312-466-7478

Jason Matsumoto, Manager-Pricing & Incentive programs, 312-930-6942

For media inquiries, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.

FAQ Related to Special Executive Report #S-7541

CME, CBOT, NYMEX and COMEX Rule 195 has been modified to incorporate the general terms and conditions for participation in a market maker or incentive program. The proposed rule has been submitted to the CFTC for certification and can be reviewed here: http://www.cmegroup.com/market-regulation/files/15-542R_1.pdf. SER #S-7541 outlines the same rule changes as the link.

CME Group is modifying Rule 195 to facilitate a more streamlined process for incentive program registration. Under the new process, we will begin using a simpler, consistent form of application across all of our programs. In prior years, our form onboarding documents varied across programs. We have provided this FAQ document to help our customers understand the changes and the timing of implementation.

❖ **When will CME Group migrate to these new program applications?**

All program participants entering or renewing participation into a program that is effective January 1, 2016 or later will use the new applications.

❖ **I am currently in a program that doesn't expire until June 30, 2016, do I need to apply via an application on January 1, 2016?**

No. Existing documentation with CME Group will remain in place. Migration to the new form applications will happen if and when the program is renewed.

❖ **If I submit an application, am I automatically enrolled in an incentive program?**

No. Once your application is received, it will be reviewed by CME Group staff and you will receive a confirmation (via e-mail or other similar method of notice as determined by CME Group) of your enrollment status.

❖ **Contracts used to be signed by my firm and countersigned by CME Group. Under the new process, there is no countersignature. How can I be sure that I will receive my incentives?**

The confirmation notice sent to an applicant will confirm enrollment into a program.

❖ **Can I negotiate any of the terms of Exchange Rule 195 or my program application?**

The standardized terms of the new program applications will be offered as is. We believe the new process will reduce complexity and offer a more efficient and user-friendly experience for our customers.

❖ **When will I receive my application for January 1, 2016? From whom?**

You will be receiving incentive program applications for new or renewed participation in a CME Group incentive program from a representative of the Business Line Management ("BLM") team. The timing is based on when the incentive programs become certified with the Commodity Futures Trading Commission ("CFTC").

❖ **What is a SMART Click ID?**

CME Group distributes certain performance reports to clients via an Enterprise Reporting Portal which is accessed by a unique user ID, the SMART Click ID. Not all performance reporting has migrated to this system, however if an authorized program participant already has a SMART Click ID, we are asking that they provide this information to expedite onboarding when their program reporting is migrated to the reporting portal. At a minimum, we are asking for authorized participants in a program to provide their e-mail address. You can sign up for a SMART Click ID at the following link: <https://login.cmegroup.com/sso/register/>.