

CME GROUP INC.
Form DEFR14A
April 07, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Amendment No. 1)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to §240.14a-12

**Confidential, for Use of the Commission Only (as permitted by
Rule 14a-6(e)(2))**

CME GROUP INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(3) Filing Party:

(4) Date Filed:

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EXPLANTORY NOTE

This Amendment No. 1 to the Definitive Proxy Statement of CME Group Inc., filed with the Securities and Exchange Commission on April 6, 2017, is being filed to update the Proxy Statement to reflect the resignation of James E. Oliff and to remove him from the nominees for Equity Director for the 2017 annual meeting and to make other corresponding changes to the disclosure. A change to the Proxy Card for the Class B-1 Shareholders was also made to correct an error.

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NOTICE OF 2017 ANNUAL MEETING OF SHAREHOLDERS

Wednesday, May 24, 2017

10:00 a.m. Central Time

Auditorium at CME Group's headquarters

20 South Wacker Drive, Chicago, Illinois 60606

April 6, 2017

Dear Shareholder:

You are invited to attend the 2017 annual meeting of shareholders of CME Group Inc. In addition to the topics described herein, we will provide a report on our operating results and an opportunity to ask questions of interest to you as a valued shareholder and customer.

Shareholders will vote on the following items:

Item 1: To elect fourteen directors that we refer to as **Equity directors**.

Item 2: To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2017.

Item 3: To approve, by advisory vote, the compensation of our named executive officers.

Item 4: To approve, by advisory vote, the frequency of future votes on the compensation of our named executive officers.

Item 5: To approve the Amended and Restated CME Group Inc. Incentive Plan for Named Executive Officers (referred to as the **Incentive Plan**).

Item 6: To approve the Amended and Restated CME Group Inc. Omnibus Stock Plan (referred to as the **Omnibus Stock Plan**).

Item 7: To elect three Class B-1 directors, two Class B-2 directors and one Class B-3 director.

Item 8: To elect five members to each of the Class B-1, Class B-2 and Class B-3 nominating committees.

Your vote is important. You are eligible to vote if you were a shareholder of record at the close of business on March 29, 2017. Please ensure that your shares are represented at the meeting by promptly voting. Additional voting instructions begin on **page 81**.

If you or your legal proxy holder plan to attend the meeting in person, you must follow the admission procedures described on **page 80**. All attendees must have photo identification and proof of ownership of our stock as of the record date. Please note seating is limited and will be granted on a first come basis. You should allow sufficient time to clear security.

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If you are unable to attend the meeting, please join the live webcast on our Investor Relations website at

<http://investor.cmegroup.com/investor-relations> under Events.

By order of the board of directors,

Terrence A. Duffy

Chairman and Chief Executive Officer

Kathleen M. Cronin

Senior Managing Director,

General Counsel & Corp. Secretary

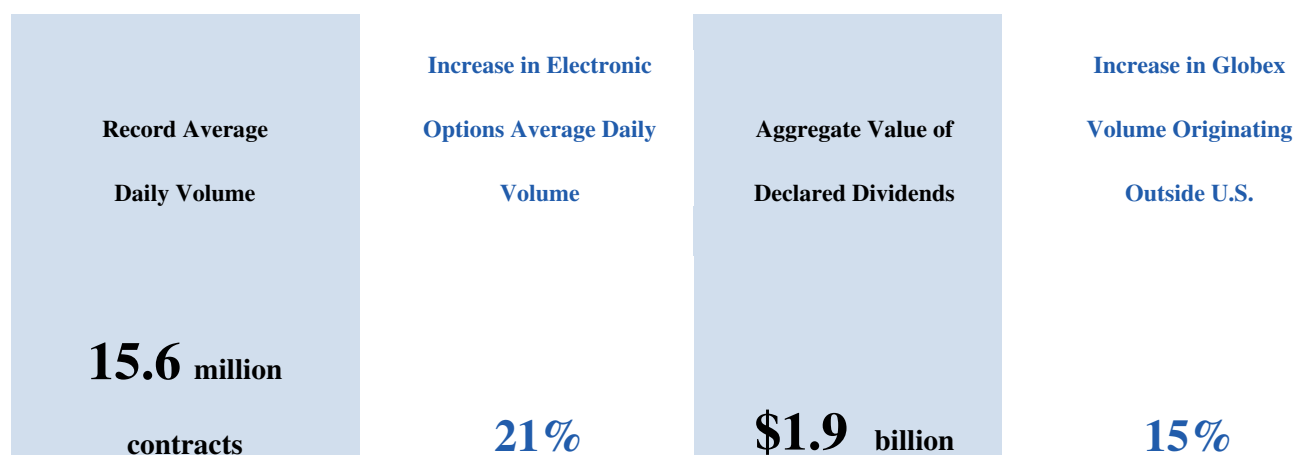
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Summary Information

This summary highlights key elements of our proxy statement. For more complete information, you should review the entire proxy statement along with our 2016 Annual Report.

BUSINESS HIGHLIGHTS

The year 2016 was one of growth and achievement for CME Group. Across all our core asset classes, we experienced numerous volume records, including in energy, agricultural commodities, metals, total options and electronic options. Total volume was more than 3.9 billion contracts traded, which generated \$1.7 billion in cash earnings. The following are additional key performance metrics from 2016:



For a more detailed discussion on our financial performance, see our **2016 Annual Report**.

ANNUAL MEETING PROPOSALS AND BOARD RECOMMENDATIONS**Proposal**

Item 1: Election of Equity Directors

Item 2: Ratification of Ernst & Young as our Auditors

Item 3: Approval, by advisory vote, on the compensation of our named executive officers

Item 4: Approval, by advisory vote, on the frequency of future votes on the compensation of our named executive officers

Item 5: Approval of the Incentive Plan

Item 6: Approval of the Omnibus Stock Plan

Item 7: Election of Class B-1, Class B-2 and Class B-3 Directors

Item 8: Election of Class B-1, Class B-2 and Class B-3 Nominating Committee Members

Beginning on or about April 6, 2017, we distributed to our shareholders (1) a copy of the proxy statement, 2016 Annual Report and proxy card(s) or voting instruction form, (2) an Important Notice Regarding the Availability of Proxy Materials, with instructions to access the proxy materials and vote online, or (3) for shareholders who have elected to receive materials electronically, an email with instructions on how to access the materials and vote online.

Board Recommendation

FOR each of the nominees

FOR

FOR

FOR 1 YEAR

FOR

FOR

No recommendation

No recommendation

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Additional information regarding the logistics of the annual meeting is available beginning on **page 80**.

[Notice of Annual Meeting of Shareholders and 2017 Proxy Statement](#) 1

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The board of directors of CME Group Inc. is providing this proxy statement in connection with the annual meeting of shareholders to be held on Wednesday, May 24, 2017, at 10:00 a.m. Central Time, in the auditorium at CME Group's corporate headquarters, 20 South Wacker Drive, Chicago, Illinois. The terms the Company, we, us and our refer to CME Group and its subsidiaries. Shares of our Class A common stock are listed on the Nasdaq Global Select Market (NASDAQ) under the trading symbol CME. Our principal offices are located at 20 South Wacker Drive, Chicago, Illinois 60606. Our phone number is 312.930.1000.

Further information about CME Group can be found at <http://www.cmegroup.com>. Information made available on our website does not constitute a part of this proxy statement. Additional information regarding the availability of materials referenced in this proxy statement is available on **page 86**.

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ITEM 1 Election of Equity Directors

You are being asked to vote on the election of fourteen Equity director nominees to hold office until the 2018 annual meeting.

OUR BOARD RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE EQUITY DIRECTOR NOMINEES.

Our directors are elected each year. Each director's term will last until the 2018 annual meeting and until his or her successor is duly elected and qualified.

We have implemented a majority vote standard for the Equity directors, except in the event of a contested election.

Fourteen individuals are nominated for election by our Class A and Class B shareholders voting together (**Equity directors**) under **Item 1**. All current CME Group directors are standing for re-election, except for William P. Miller II, who will retire at the end of his current term at the 2017 annual meeting. An additional six directors will be elected by our Class B shareholders (**Class B directors**) under **Item 7**. We have no reason to believe that any of the nominees will be unable or unwilling to serve if elected.

The biographies for the Equity director nominees begin on **page 5** and for the Class B director nominees on **page 29**. References to terms of our board of directors in their biographies include service on the board of CME Group (f/k/a Chicago Mercantile Exchange Holdings Inc.) from its formation in 2001 and service on the board of its wholly-owned subsidiary, Chicago Mercantile Exchange Inc. (**CME**). CME Group became a public company in December 2002. The boards of our other exchange subsidiaries: Board of Trade of the City of Chicago, Inc. (**CBOT**), New York Mercantile Exchange, Inc. (**NYMEX**) and Commodity Exchange, Inc. (**COMEX**) also are composed of the same members as the CME Group board of directors. Ages are as of March 29, 2017. Information on public directorships is for the past five years.

DIRECTOR NOMINATIONS AND QUALIFICATIONS

The policy of the board of directors is to remain an interactive, independent, thoughtful, highly qualified and collegial combination of individuals with diverse knowledge, skills and experience, so that the directors, working together, possess the competencies required to effectively carry out the board's responsibilities.

In considering candidates for the board, the nominating committee, composed entirely of directors who are independent under applicable listing standards, considers the entirety of each candidate's credentials. With respect to the nomination of continuing directors for re-election, the individual's contributions to the board are also considered. In assessing new candidates for the board, we do not have specific minimum qualifications that an individual must meet to be considered. The board and its nominating committee seek members having the characteristics essential for effectiveness as a member of our board, including but not limited to:

Integrity, objectivity, sound judgment and leadership;

The relevant expertise and experience required to offer advice and guidance to the Chairman and Chief Executive Officer and other members of senior management;

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The ability to make independent analytical inquiries;

The ability to collaborate effectively and contribute productively to the board's discussions and deliberations;

A commitment to enhancing long-term shareholder value;

An understanding of the Company's business, strategy and challenges;

The willingness and ability to devote adequate time and effort to board responsibilities and to serve on committees at the request of the board;

Is not a **Disqualified Person** (as defined in our corporate governance principles); and

Whether the individual meets the composition requirements of the Commodity Futures Trading Commission (**CFTC**) and the applicable listing standards.

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ITEM 1 Election of Equity Directors (Continued)

On an annual basis, the governance committee and the nominating committee meet jointly to assess the current and future needs of the board and will make recommendations to the board in the event they identify a need to recruit for an additional member of the board. The board believes it is essential that its members represent diverse viewpoints. The governance and nominating committee have agreed to consider the diversity of the board in the event the board identifies a need for a new candidate.

The nominating committee may solicit candidates from its current directors and, if deemed appropriate, retain for a fee recruiting professionals to identify and evaluate candidates. The nominating committee also will consider a nominee for Equity director recommended by shareholders if the recommendation is submitted in writing, accompanied by a description of the proposed nominee's qualifications, and other relevant biographical information and evidence of consent of the proposed nominee to serve as a director if elected. Recommendations should be addressed to the nominating committee, Attention: Corporate Secretary, CME Group Inc., 20 South Wacker Drive, Chicago, Illinois 60606. In considering a shareholder recommendation, the nominating committee may seek input from an independent advisor, legal counsel and/or other directors, as appropriate, and will reach a conclusion using its standard criteria. A copy of our nominating committee's charter is available on our website.

In February 2017, the board approved amendments to its bylaws primarily to implement proxy access to permit a shareholder, or a group of up to 20 shareholders, owning three percent or more of the Company's outstanding common stock continuously for at least three years to nominate and include in the Company's proxy materials director candidates constituting up to the greater of two individuals or 20% of the number of Equity directors, provided that the shareholder(s) and the nominee(s) satisfy the requirements specified in the bylaws. Proxy access will first be available to shareholders in connection with the 2018 annual meeting of shareholders.

The holders of the Class B-1, Class B-2 and Class B-3 common stock elect members of nominating committees for their respective class, which are responsible for nominating candidates for election by their class. See **Item 8** beginning on **page 33** for more information. Our certificate of incorporation requires that director candidates for election by a class of Class B common stock own, or be recognized under our rules as the owner of, at least one share of that class.

For more information concerning our current directors' qualifications, see the **Director Attributes** on **page 9**.

REQUIRED VOTE

Each Equity director candidate must receive a number of **FOR** votes that exceed the number of **AGAINST** votes to be elected.

Table of ContentsITEM 1 Election of Equity Directors *(Continued)***EQUITY DIRECTORS UP FOR ELECTION AT THE 2017 ANNUAL MEETING****Terrence A. Duffy****Age:** 58**Director since:** 1995

The Honorable Mr. Duffy has served as our Chairman and Chief Executive Officer since November 2016. Previously, he served as our Executive Chairman & President since 2012 and as our Executive Chairman since 2006, when he became an officer of the Company. He served as Chairman of the board since 2002 and as our Vice Chairman from 1998 until 2002. Mr. Duffy has been a member of our board since 1995. He was President of TDA Trading, Inc. from 1981 to 2002 and has been a member of CME since 1981. Mr. Duffy was appointed by President Bush and confirmed by the U.S. Senate in 2003 as a member of the Federal Retirement Thrift Investment Board, a position he held until 2013. Mr. Duffy currently serves as Co-Chair of the Mayo Clinic Greater Chicago Leadership Council. He is a Vice Chairman of the CME Group Foundation, whose mission is to enhance economic opportunity, health and education, especially for disadvantaged youth. He is also a member of the Economic Club of Chicago, the Executives Club of Chicago and the President's Circle of the Chicago Council on Global Affairs. Since 2003, Mr. Duffy has been recognized as one of the top 100 Irish Business Leaders by Irish America Magazine. Mr. Duffy attended the University of Wisconsin-Whitewater. In 2007, he received a Doctor of Humane Letters from DePaul University.

Timothy S. Bitsberger**Age:** 57**Director since:** 2008

Mr. Bitsberger has served as Managing Director and Portfolio Specialist on the Account Management Team at The TCW Group, where he is responsible for communicating investment strategies, performance and outlook to clients. Previously, he served as Managing Director, Official Institutions FIG Coverage Group of BNP PNA, a subsidiary of BNP Paribas, from December 2010 to November 2015, as a senior consultant with Booz Allen Hamilton from May 2010 to November 2010 and was with BancAccess Financial from December 2009 to April 2010. He also served as Senior Vice President and Treasurer of Freddie Mac from 2006 to 2008. Mr. Bitsberger also was with the U.S. Treasury Department from 2001 to 2005, serving first as their Deputy Assistant Secretary for federal finance and more recently as the Assistant Secretary for financial markets. He was confirmed by the U.S. Senate as the Assistant Secretary in 2004.

Charles P. Carey**Previous Public Directorship:**

Age: 63

BM&FBOVESPA S.A.

Director since: 2007

Mr. Carey served as our Vice Chairman from 2007 to 2010 in connection with our merger with CBOT Holdings, Inc. Prior to our merger, Mr. Carey served as Chairman of CBOT since 2003, as Vice Chairman from 2000 to 2002, as First Vice Chairman during 1993 and 1994 and as a board member of CBOT from 1997 to 1999 and from 1990 to 1992. Mr. Carey is a principal in the firms of Henning & Carey Trading Co. and HC Technologies LLC (formerly known as Henning-Carey Proprietary Trading LLC). He has been a member of CBOT since 1978 and was a member of the MidAmerica Commodity Exchange from 1976 to 1978. Mr. Carey previously served on the board of CBOT Holdings, Inc. until our merger in 2007. Mr. Carey serves as a Vice Chairman of the CME Group Foundation.

Dennis H. Chookaszian**Public Directorships:****Previous Public Directorships:****Age:** 73

Career Education Corporation

Allscripts Healthcare Solutions, Inc.

Director since: 2004

Prism Technologies Group, Inc.

LoopNet, Inc.

MDA Corporation (solely listed in Canada)

Mr. Chookaszian served as Chairman of the Financial Accounting Standards Advisory Council from 2007 to 2011. From 1999 until 2001, Mr. Chookaszian served as Chairman and CEO of mPower, Inc., a financial advice provider focused on the online management of 401(k) plans. Mr. Chookaszian served as Chairman and CEO of CNA Insurance Companies from 1992 to 1999. During his 27-year career with CNA, Mr. Chookaszian held several management positions at the business unit and corporate levels, including President and COO from 1990 to 1992 and CFO from 1975 to 1990. Mr. Chookaszian is a registered certified public accountant.

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ITEM 1 Election of Equity Directors *(Continued)*

Ana Dutra

Age: 52

Director since: 2015