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Chicago Mercantile Exchange

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September 29, 2006

Ms. Eileen Donovan  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

**RE: CME's Emerging Markets Partnership Program ("EMPP")  
Submission No. 06-83**

Dear Ms. Webb:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commission that the Exchange launched an Emerging Markets Partnership Program ("EMPP") to support global growth and expansion of European and U.S.-based proprietary trading firms and trading arcades into developing trading centers. A summary of CME's EMPP is attached.

The Exchange certifies that this regulatory advisory neither violates nor is inconsistent with any provision of the Commodity Exchange Act or of the rules and regulations thereunder.

If you have any questions regarding this matter, please call me at (312) 648-5422.

Sincerely,

/S/ Stephen M. Szarmack  
Director and Associate General Counsel

## CME® Emerging Markets Partnership Program ("EMPP") Summary

### 1. EMPP Overview

The CME Emerging Market Partnership Program is an incentive program designed to encourage the development of new traders trading from countries not traditionally or actively involved in global futures markets.

The Program provides the following benefits:

#### a) CME Globex® and Clearing Fees

Each EMPP participant will receive Globex and Clearing fee waivers for all electronically traded CME listed products up until the specified threshold.

For any approved trading site, up to 3 million sides traded in aggregate will receive a fee waiver for up to two years from date of approval.

**Note:** Each new trader within the particular trading site will be allocated a **maximum of 200,000** sides over the two year period.

#### b) Access Fees

Certain CME Globex access fees will also be waived.

### 2. Eligibility

Any proprietary trading group or arcade, as per the definition detailed below, establishing a site in a CME approved Emerging Market location.

**Proprietary Trading Group:** A legal entity consisting of individuals who are owners, employees or contractors of the group who trade in the name of accounts owned by the group and exclusively use the funds of the group for all of their trading activity.

**Trading Arcade:** A legal entity consisting of individuals who are owners, employees or contractors of the entity which provides a legal, risk management and physical structure and trading facilities to traders in return for sharing of trading profits. Transactions are executed in the name of accounts owned by the trading arcade and originate from the trading arcade facility. The funds used for trading may be corporate pools of funds or commingled individual/corporate funds.

- The proprietary trading group or trading arcade, or if established as a separate legal entity, its parent, must be registered with the CME as a member firm (Clearing firm, Inactive Clearing firm, 106I firm, 106H firm or Electronic Corporate Member (106R)) or as a participant in the European Incentive Program (EIP) and must have maintained this status for a minimum of six months prior to the proprietary trading group or trading arcade applying for the EMPP.
- Entities trading with third party customer funds, such as commodity trading advisers, commodity pool operators, hedge funds, investment trusts, brokers, fund managers, commercial and investment banks, insurance companies, mutual funds, unit trusts and other similar entities are not eligible for the Program. CME shall have sole authority to determine whether an entity is, or is no longer, eligible for the Program.

### 3. Requirements

The purpose of the EMPP is to develop new traders located in non-traditional locations. Therefore, to participate in the program traders must:

- Be new to derivatives trading and recruited locally.
- Be physically trading from the facilities of the EMPP participant and those facilities must be located in a country designated as a CME approved emerging market.

- Be undergoing or have undergone the respective training program that provides an overview of CME products.
- Be actively trading with discretion. Traders who are operators of Automated Trading Systems are not eligible for the fee waiver.
- Not relocate from non-eligible countries (this includes established or new traders).

The EMPP participant and CME will work together to develop trading interest in CME markets in those emerging market countries. Specifically, an EMPP participant is obligated to make available to CME

- Their management on at least a quarterly basis to meet with CME representatives, at CME's request, to review their participation in the program and overall trading activity.
- Their traders for education on CME markets from a CME representative or designate.
- The opportunity to review their trader education programs.
- All (new) traders of the EMPP participant must be identified to CME, even if they are not assigned to trade CME products.
- All other necessary and reasonable information to determine the entity's eligibility to participate in the Emerging Market Partnership Program.

#### **4. Terms and Conditions**

The EMPP became operational in October 2005. Applicants will begin receiving fee waivers once approved by the CME under the terms of the Emerging Market Partnership Program and once their eligible traders are properly registered by their clearing firm within CME's Exchange Fee System (EFS).

Proper registration within the EFS includes each individual new trader's TAG 50 and account information. EMPP participants will not receive retroactive fee waivers for trades executed prior to both approval and proper registration in EFS. CME encourages EMPP participants to work closely with their clearing firms to ensure proper and timely registration in EFS.

For the purposes of the Emerging Market Partnership Program CME has defined an emerging market by exclusion. CME shall have sole authority to determine whether a location is, or is no longer, considered to be an approved emerging market location for EMPP. A list of excluded countries is attached in Appendix A. Each applicant's participation in the EMPP will be evaluated based initially on the chosen location.

Each EMPP participant can receive fee waivers for up to two (2) years from the date of approval. The duration would be shorter if a particular EMPP "site" reaches the maximum volume thresholds. (Refer to # 1 for volume limits)

All CME listed products, both futures and options, traded on CME Globex are eligible for the waived fees. These products include CME's flagship Eurodollar contract, as well as our E-Mini equity suite and eFX, our electronic foreign exchange futures contracts.

CME products traded via Open Outcry or as an EX-PIT transaction such as a Block or Exchange-for-Physical (EFP) will not receive any fee waivers under the terms of the EMPP.