



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

March 15, 2012

VIA E-MAIL

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**RE: Implementation of the Cash Settled Cheese Futures Market
Making Program on Globex. CME Submission No. 12-082**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc ("CME" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") that it plans to implement a market making program in support of Cash Settled Cheese Futures traded on CME Globex® ("Program"). The proposed Program will become effective on March 30, 2012.

Exhibit 1 sets forth the terms of this Program.

CME business staff responsible for the Program and the CME legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodities Exchange Act ("CEA"). During the review, CME staff identified the following Core Principles as potentially being impacted: Prevention of Market Disruption, Execution of Transactions, Protection of Market Participants, Compliance with Rules and Recordkeeping.

The Program's incentive structure as set forth in the Exhibit below is such that it does not incentivize manipulative trading or market abuse and will not impact the Exchange's ability to perform its trade practice and market surveillance obligations under the CEA. CME's market regulation staff will continue to monitor all market participants that trade the Program's products to prevent manipulative trading and market abuse. Additionally, the Exchange has implemented systems to track Program participants' volume to ensure proper distribution of earned incentives. The incentives in the proposed Program do not impact the Exchange's order execution. Participants in the Program will be selected by Exchange staff using criteria as further stated in Exhibit 1. Chapter 4 of the Exchange rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must execute a contractual agreement with the Exchange in which each participant will expressly agree to comply with and be subject to, applicable regulations and CME rules. The proposed Program is subject to the Exchange's record retention policies which comply with the CEA.

CME certifies that the Program, and all modifications set out in Exhibit 1, comply with the CEA and the regulations thereunder. There were no substantive opposing views to this Program.

The Exchange certifies that this submission has been concurrently posted on the Exchange's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>

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If you require any additional information regarding this submission, please contact Robert Lev at 312-930-3019 or via e-mail at robert.lev@cmegroup.com, or contact me at 212-299-2200. Please reference our CME Submission No. 12-082 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachments

EXHIBIT 1

Cash Settled Cheese Futures Market Making Program on Globex

Program Purpose

The purpose of the Program is to help facilitate liquidity on the central limit order book for the products listed below. A more liquid contract benefits all market participants.

Product Scope

Cash Settled Cheese Futures that are traded on the CME Globex Platform ("Product").

Eligible Participants

CME may designate up to three (3) participants in the Program. Participants may be CME members or non-members. CME, in its sole discretion, will use a variety of factors in determining whether or not a prospective market maker is selected to participate in the Program, including the prospective market maker's ability to commit to and maintain at least the minimum required quoting obligations, the prospective market maker's participation and performance acting as a market maker in other products traded on the CME GLOBEX Platform and the prospective market maker's experience trading cash settled cheese products. CME may, from time to time, add or subtract from the aforementioned factors as it deems necessary.

Program Term

Start date is March 30, 2012. End date is July 1, 2014.

Hours

Contracted hours during RTH and ETH

Obligations

Quoting Requirements:

Participants must post a two-sided market for at least one (1) contract expiration of the Product at contracted maximum bid/ask spreads and contracted minimum volume quotes per side during a designated percentage of RTH and/or ETH.

Program Incentives

Market Makers that comply with their contracted obligations shall receive the following incentives for each calendar month of participation in the Program:

Participation in Revenue Share.

Market makers will share in a revenue pool that will be allocated on a pro-rata basis based on each market maker's relative trade in the Product during an applicable calendar month ("Revenue Pool"). The Revenue Pool will be funded based on revenue received from trading in the Product on Globex, other than revenue generated from market makers.

Monitoring and Termination of Status

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