



Sean M. Downey
Associate Director and Assistant General Counsel
Legal Department

March 6, 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: Reg 40.6(a) Self-Certification: CME Globex Messaging Policy
CME/CBOT/NYMEX/COMEX Submission No. 12-074RR**

Dear Mr. Stawick:

The Chicago Mercantile Exchange Inc., the Board of Trade of the City of Chicago, Inc., the New York Mercantile Exchange, Inc. and the Commodity Exchange, Inc. (the "CME Group Exchanges") are notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that they are self-certifying the CME Globex Messaging Policy ("Policy") for effective date March 22, 2012. Please note that we are revising Submission No. 12-074 in order to ensure that the Policy accurately reflects the Messaging Efficiency Program currently in place. A black lined copy of this submission is attached as Appendix A.

This Policy is designed to support efficient market operations and foster high quality, liquid markets by encouraging responsible and reasonable messaging practices by participants accessing the CME Group Exchanges. Historically, the CME Group Exchanges have maintained business policies and programs on the messaging behavior of their market participants. Due to the evolution of these policies, the CME Group Exchanges proactively decided to revise and self-certify the Policy as a rule to the Commission via Regulation 40.6(a). The Policy, along with related documents, will be posted on CME Group Exchanges' external website and broadly disseminated to market participants from time to time via a CME Globex Notice and through the CME Group Exchanges' general market distribution channels.

The CME Group Exchanges' legal department reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, the CME Group Exchanges identified that the Policy may have some bearing on the following Core Principle:

- **Protection of Market Participants:** The CME Group Exchanges designed the Policy to ensure that all market participants have the opportunity to trade on a fair and equitable contract market. If the Policy, and related standards, were not in place, high volume, poor quality messages by a small segment of the marketplace could negatively affect the performance of the CME Group Exchanges' electronic central limit order book. This, in turn, could impact the ability of other market participants to access the CME Group Exchanges which may negatively impact the compliance of the CME Group Exchanges with this Core Principle.

Pursuant to Section 5c(c) of the CEA, the CME Group Exchanges hereby certify that the attached Policy complies with the Act, including regulations under the Act. There were no substantive opposing views to this proposal. The Policy is attached hereto as Exhibit 1.

Mr. David Stawick
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The CME Group Exchanges certify that this submission has been concurrently posted on the CME Group Exchanges' website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (312) 930-8167 or Sean.Downey@cmegroup.com.

Sincerely,

/s/Sean M. Downey
Associate Director and Assistant General Counsel

Enclosures: Exhibit 1 – CME Globex Messaging Policy
Appendix A – Submission No. 12-074RR and CME Globex Messaging Policy (Black lined)

EXHIBIT 1



CME Globex Messaging Policy

Introduction

The CME Globex Messaging Policy ("Policy") is designed to support efficient market operations and foster high quality, liquid markets by encouraging responsible and reasonable messaging practices by market participants. Generally, the Policy will be administered at a CME Group clearing firm ("Clearing Firms") level but, CME Group may, in its reasonable discretion, decide to apply the Policy at a more granular level (i.e. executing firms).

Application and Explanation of Policy

The Policy will apply to Clearing Firms during regular trading hours from 7:00 AM to 3:15 PM Central Time for equity product groups and 7:00 AM to 4:00 PM Central Time for all other product groups ("Regular Trading Hours" or "RTH") and will consider the ratio of the number of messages submitted by each of the Clearing Firms to the Clearing Firms' traded volume in a particular product group ("Volume Ratio") on a daily basis during RTH. The Volume Ratio will then be compared to the ratio of the total number of messages in a product group to the volume of executed contracts in that product group during RTH ("Product Group Benchmark") which is recalculated on a quarterly basis. When making the Product Group Benchmark calculation, CME Group may also add a product group specific variation factor to accommodate the unique dynamics of each individual market and to support enhanced liquidity. Product Group Benchmarks are included in the CME Group Messaging Efficiency Program Benchmarks document ("Messaging Efficiency Document") which is posted on the CME Group website.

General Exceptions

CME Group may except certain market participants from the Volume Ratio standards due to, among other things, low daily messaging volume, extreme market conditions, monthly Volume Ratios below the applicable Product Group Benchmark and market maker or liquidity provider status. The types of exceptions available are included in the Messaging Efficiency Document on the CME Group website.

Reports and Technology Surcharges

Reports on messaging activity and trading volume will generally be provided by CME Group on a T+1 (trade date + plus one business day) basis. Clearing Firms with daily Volume Ratios during RTH in excess of the Product Group Benchmarks may be subject to reasonable, daily technology surcharges at a product group level.

CMEG has established a process whereby Clearing Firms may request reconsideration of the surcharges. During the reconsideration period, CMEG staff will review the cause of the violation and may waive surcharges for any of the following reasons:

- i) The Clearing Firm has exceeded the benchmark by a minimal amount and is actively working with the GCC to fine tune its messaging;
- ii) The messaging that resulted in exceeding the benchmark occurred in less liquid back months where we encourage activity to promote liquidity;
- iii) The Volume Ratios are exceeded by customers who are working with the GCC actively making modifications to technology to accommodate specific characteristics of each product;
- iv) The Volume Ratios are exceeded from message counts that are not significantly higher than the 20,000 message threshold;

- v) Customers are actively working with CMEG staff on ways to become more efficient and have taken appropriate corrective actions.

The foregoing reasons to grant a surcharge waiver are applied in a consistent manner across all Clearing Firm firms.

APPENDIX A



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- **Protection of Market Participants:** The CME Group Exchanges designed the Policy to ensure that all market participants have the opportunity to trade on a fair and equitable contract market. If the Policy, and related standards, were not in place, high volume, poor quality messages by a small segment of the marketplace could negatively affect the performance of the CME Group Exchanges' electronic central limit order book. This, in turn, could impact the ability of other market participants to access the CME Group Exchanges which may negatively impact the compliance of the CME Group Exchanges with this Core Principle.

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CMEG has established a process whereby Clearing Firms may request reconsideration of the surcharges. During the reconsideration period, CMEG staff will review the cause of the violation and may waive surcharges for any of the following reasons:

- vi) The Clearing Firm has exceeded the benchmark by a minimal amount and is actively working with the GCC to fine tune its messaging;
- vii) The messaging that resulted in exceeding the benchmark occurred in less liquid back months where we encourage activity to promote liquidity;
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