



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

April 10, 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: New Trader Incentive Program
CME/CBOT/NYMEX/COMEX Submission No. 12-108**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME"), the Board of Trade of the City of Chicago, Inc. ("CBOT"), the New York Mercantile Exchange, Inc. ("NYMEX"), and the Commodity Exchange, Inc. ("COMEX") (CME, CBOT, NYMEX, and COMEX collectively the "Exchanges") hereby notify the Commodity Futures Trading Commission ("Commission") that they plan to extend and modify the New Trader Incentive Program ("NTIP" or "Program"). The proposed modifications of the Program will become effective on May 1, 2012.

Exhibit 1 sets forth the terms of the proposed Program. Modifications appear below with additions underscored and deletions ~~overstruck~~.

The Exchanges' business staff responsible for the Program and the Exchanges' legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodities Exchange Act ("CEA"). During the review, the Exchanges' 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 Record Keeping.

The Program's incentive structure does not incentivize manipulative trading or market abuse and does not impact the Exchanges' ability to perform its trade practice and market surveillance obligations under the CEA. The Exchanges' market regulation staff will nevertheless continue to monitor all market participants that trade under the Program to prevent manipulative trading and market abuse. The incentives in the proposed Program do not impact the Exchanges' order execution. Participants in the Program will be selected by the Exchanges' staff using criteria as further stated in Exhibit 1. Chapter 4 of the Exchanges' rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program is subject to these rules. The Program will be subject to the Exchanges' record retention policies which comply with the CEA.

CME, CBOT, NYMEX, and COMEX certify that the Program complies with the CEA and the regulations thereunder. There were no substantive opposing views to this Program.

The Exchanges certify that this submission has been concurrently posted on the Exchanges' 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/CBOT/NYMEX/COMEX Submission No. 12-108 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachments

EXHIBIT 1

NEW TRADER INCENTIVE PROGRAM

Program Purpose

The purpose of this Program is to incentivize new traders associated with proprietary trading firms and trading arcades to trade the products listed below on the CME Globex® Platform. The resulting increase in liquidity in the products listed below benefits all participant segments in the market.

Product Scope

All CME, CBOT, NYMEX, and COMEX products available for trading on the Globex® Platform ("Products").

Eligible Participants

There is no limit to the amount of participants that may be selected in the Program. All approved CME, CBOT, NYMEX and COMEX members and non-members may participate. Firms located in Canada and the United States are excluded from the Program. Additionally participants must meet the following criteria:

To qualify for NTIP, a trader must:

- Be new to CME Group derivatives trading and recruited locally.
- Possess less than one year's experience with other derivative exchanges.
- Be trading using the facilities of the NTIP firm and those facilities cannot be located in Canada or the United States.
- Be undergoing or have undergone the respective training program that provides an overview of CME Group products.
- Agree to receive CME Group marketing information via postal mail or email.
- Be actively trading with discretion. Traders who are operators of automated trading systems are not eligible for the incentive stated below.
- Submit a fully completed Individual Trader application to CME group personnel with a photocopy of passport or equivalent photo ID.

To qualify for NTIP, a firm must:

- Be either a proprietary trading firm or trading arcade.
- Submit each Individual Trader application to the Exchanges' personnel.
- Management, on at least a quarterly basis, must meet with the Exchanges' representatives, at the Exchanges' request, to review their participation in the Program, overall trading activity, and status of registered traders.
- Make available to the Exchanges their traders for education on the Exchanges' markets from an Exchange representative or designate.
- Give the Exchanges opportunity to review their trader education programs.
- Make available a list of all registered traders who are actively trading to be sent to the Exchanges on a quarterly basis.
- Provide all other necessary and reasonable information to determine the entity's eligibility to participate in the NTIP.
- Make available an update to their clearing firm and the Exchanges regarding traders who are no longer with the firm so they can be de-registered from the Program within the Exchanges Fee System within two weeks of their departure from the firm.

Program Term

Start date is December 19, 2011. End date is ~~April 30, 2012.~~ December 31, 2012.

Hours

The incentives will apply to all trades made in the Products regardless of the execution time.

Obligations

~~For continued eligibility, NTIP firms must maintain a combined average daily volume in the Products of fifty (50) contracts (sides) a day measured over a given calendar quarter.~~

Program Incentives:

Fee Waivers. Once accepted into the Program, participating traders will be eligible for a fee waiver for Globex® execution and clearing fees covering up to a maximum of 50,000 sides. Participating traders will have until the end of the Program, but in no event longer than nine (9) months from their date of registration, to use their free sides.

Monitoring and Termination of Status

The Exchanges shall monitor trading activity and participants' performance and shall retain the right to revoke Program participant status if the Exchanges conclude from review that a Program participant no longer meets the eligibility requirements or fails to meet the obligations of the Program.