



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

June 12, 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: Modifications to CME and CBOT E-mini Equity Options Market Making Program on Globex.  
CME/CBOT Submission No. 12-175**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME") and the Board of Trade of the City of Chicago, Inc ("CBOT") (CME and CBOT collectively the "Exchanges") hereby notify the Commodity Futures Trading Commission ("Commission") that they plan to extend the CME and CBOT E-mini Equity Options Market Maker Program on Globex® ("Program"). The modifications to the Program will become effective on July 1, 2012.

Exhibit 1 sets forth the terms of the Program. The modifications appear below, with additions underscored and deletions ~~overstruck~~.

CME and CBOT business staff responsible for the Program and the CME/CBOT 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 and CBOT 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 Exchanges' ability to perform its trade practice and market surveillance obligations under the CEA. The Exchanges' 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 Exchanges have implemented systems to track Program participants' obligations to ensure proper distribution of earned incentives. The incentives in the Program do not impact the Exchanges' order execution. Participants in the Program will be selected by Exchange staff using criteria as further stated in Exhibit 1. Chapter 4 of the CME and CBOT rules include prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must execute a contractual agreement with the applicable Exchange in which each participant will expressly agree to comply with and be subject to, applicable regulations and CME/CBOT rules. The Program is subject to the Exchanges' record retention policies which comply with the CEA.

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CME and CBOT 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>

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](mailto:robert.lev@cmegroup.com), or contact me at 212-299-2200. Please reference our CME/CBOT Submission No. 12-175 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Attachments

# EXHIBIT 1

## CME/CBOT E-mini Equity Options Market Making Program on Globex®

### Program Purpose

The purpose of this Program is to incent market makers to enhance liquidity in the Products listed below. A more liquid contract benefits all participants in the market.

### Product Scope

S&P 500 E-mini options, E-mini\$5 Dow options, S&P Mid-cap 400 options and E-mini NASDAQ 100 option products traded on Globex® (“Products”)

### Eligible Participants

There is no limit to the amount of participants that may be selected into the Program. Participants can be a CME or CBOT member or non-member trading firm. In determining whether or not a prospective market maker is selected to participate in the Program, CME and CBOT staff may take into account a variety of factors including, but not limited to, the prospective market maker’s overall historical volume and experience in the Products and other index options contracts traded on the CME Globex Platform, the prospective market maker’s technical readiness regarding ability to mass-quote options and the prospective market maker’s ability to commit to and maintain at least the required quoting obligations.

### Program Term

Start date is November 14, 2011. End date is ~~October 31, 2013~~ June 30, 2013.

### Hours

RTH (~~8:30am — 3:15pm Chicago Time~~)

### Obligations

#### Quoting Requirements:

During the applicable RTH hours, participants must post a two-sided market for designated trading months of at least one (1) of the Products above with a contracted maximum bid/ask spread and minimum volume quote per side.

**Program Incentives:** For each Product above that a market maker successfully performs its obligations, the market maker shall receive the following incentives:

1. Mass Quote Message. CME/CBOT shall permit the market maker to submit quotes for the Product using the Mass Quote message under an assigned identification granted by CME/CBOT staff.
2. Quotes Per Seconds. Additionally, CME/CBOT shall allocate to market makers the ability to submit up to a designated amount of Quotes Per Second for the Products.

### 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 it concludes from review that a Program participant no longer meets the eligibility requirements or fails to meet the obligations of the Program.