

August 2, 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: Revisions to CME Globex Messaging Policy
CME/CBOT/NYMEX/COMEX Submission No. 12-248**

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 revisions to the CME Globex Messaging Policy ("Policy") for effective date January 2, 2013.

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. Based on customer feedback, the CME Group Exchanges are revising the Policy to better target the types of messages that negatively impact the market while allowing customers to submit the types of messages that build deep, liquid markets. The CME Group Exchanges are accomplishing this goal in a few ways including, but not limited to, by applying the Policy at the executing firm rather than clearing firm level (which will allow for more accurate assessments of customer behavior) and introducing the messaging score concept which assigns different point values to certain message types (such as new orders) as compared to other message types such as order modifications and cancellations. While the hard launch of the new Policy and overall Messaging Efficiency Program (the "Program") won't occur until January 2, 2013, the CME Group Exchanges wanted to concurrently announce the revised Program and self-certify the revised Policy with the Commission. Updated documents related to the Program may be found at: www.cmegroup.com/messagingefficiencyprogram.

The CME Group Exchanges' legal department reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act"). 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, with additions underlined and deletions stricken-through, is attached hereto as Exhibit 1.

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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
Director and Assistant General Counsel

Attachment: Exhibit 1 – 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~~executing firm ("~~Clearing Firms~~Executing Firms") level, but, CME Group may, in its reasonable discretion, decide to apply the Policy at a more granular level (i.e. ~~executing firms~~Link session, account or Tag 50). Further, CME Group may aggregate executing firms for purposes of determining whether a Product Group Benchmark has been exceeded in circumstances where a single entity is submitting messages via more than one executing firm number.

Application and Explanation of Policy

The Policy will apply to ~~Clearing Firms~~Executing 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~~measure the ratio ~~between an of the number of messages submitted by each of the Clearing Firms~~Executing Firm's messaging score and to the Clearing Firms~~Executing Firm's~~ traded volume in a particular product group ("~~Volume Ratio~~") ~~on a daily basis during RTH~~during the Regular Trading Hours for that product.

Messaging Scores and Volume Ratio

Messaging scores are calculated by assigning pre-defined factors to different order types (new orders, order modifications etc.) and then multiplying each Executing Firm's raw messaging score by the pre-defined factors for the various messaging types submitted. For example, if order modifications were assigned a pre-defined factor of 1 and an Executing Firm had 4 order modifications their messaging score would be 4. Once the messaging score has been calculated it will be divided by the Executing Firms traded volume in a product group to obtain the Executing Firm's volume ratio ("Volume Ratio"). The Volume Ratio will then be compared to the messaging benchmarks for each product ("Product Group Benchmarks") to determine whether the Executing Firm is in compliance with the CME Globex Messaging Efficiency Program.

Product Group Benchmarks

~~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. Each quarter, CME Group will determine the Product Group Benchmark for a given product group based on observed performance over several time periods and the business needs of the market. These Product Group Benchmarks will generally be established and announced each quarter unless business circumstances demand that they be changed more frequently.~~ 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. Updated -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~~Executing 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~~Executing 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 messaging that resulted in exceeding the benchmark occurred in less liquid back months where we encourage activity to promote liquidity;~~

~~The Clearing Firm has exceeded the benchmark by a minimal amount and is actively working with the GCC to fine tune its messaging;~~

ii) Significant change in product volatility attributed to changes to market dynamics or systemic events;

~~The messaging that resulted in exceeding the benchmark occurred in less liquid back months where we encourage activity to promote liquidity;~~

iii) Multiple executing firm numbers held by one Executing Firm when combined result in non-violation (Executing Firm number aggregation)

~~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;~~

viii) ~~Customers~~Executing Firms 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~~Executing Firms firms.