

October 17, 2012

VIA E-MAIL

Ms. Sauntia Warfield
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**RE: International Cross-Asset Volume Incentive Program
CME/CBOT/NYMEX/COMEX Submission No. 12-318**

Dear Ms. Warfield:

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") (collectively the "Exchanges") hereby notify the Commodity Futures Trading Commission ("Commission") of the implementation of an incentive for high volume proprietary trading firms and trading arcades located outside North America ("Program"). The proposed Program will become effective on November 1, 2012.

Exhibit 1 sets forth the terms of the proposed Program.

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 and Compliance with Rules and Record Keeping.

The proposed Program's incentive structure does not impact the Exchanges' ability to perform their trade practice and market surveillance obligations under the CEA. The Exchanges' market regulation staff will nevertheless continue to monitor trading in the Program's products 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 proposed Program is subject to these rules. The proposed 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>

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. 12-318 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachments

EXHIBIT 1

INTERNATIONAL CROSS-ASSET INCENTIVE PROGRAM

Program Purpose

The purpose of this Program is to incentivize high volume proprietary trading firms and trading arcades located outside North America 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 and currently eligible for the International Incentive Program (“IIP”) (“Products”).

Eligible Participants

The Exchanges may select up to twenty-five (25) participants for the Program. Participants must be distinct legal entities located outside of North America who have registered for and are in good standing with the IIP. Wholly owned (100%) subsidiaries may register together for the Program.

Additional Arcade Firm Requirements:

- Teams of individuals with joint profits and losses under a participating arcade firm must be registered and approved by the Exchanges to be eligible for discounted rates under the arcade firm. Teams that adjust their legal status for the purpose of achieving lower combined rates may not be accepted into the Program.
- Individual traders under the participating arcade firm must either (i) be receiving less than eighty percent (80%) of profits and losses (as required under the IIP program); or (ii) be self-funded traders who:
 - Have primary income coming from trading;
 - Pay a desk fee;
 - Primarily trade from the physical location operated by the participating arcade firm;
 - Share risk with the participating arcade firm; and
 - Register with the Exchanges as “exempt traders” and the participant arcade firm makes the exempt trader available for product notices and education.

Program Term

Start date is November 1, 2012. End date is December 31, 2013

Hours

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

Program Incentives:

1. Progressive Volume Discount Incentives: Subject to the restrictions set forth in 1(c) below, participants in the Program that maintain an average daily volume (“ADV”) of 2,500 combined contract sides traded in the Products on Globex (“Qualifying Participants”), measured over the applicable Qualifying Period may, during the corresponding Incentive Period (the Qualifying Periods and Corresponding Incentive Periods set forth in 1(a) below), receive progressive volume fee discounts for trades executed on Globex in the Products as set forth in 1 (b) below.

- a. *Qualifying Periods/Incentive Periods.* For the purposes of the progressive volume discount incentives, the Program's Qualifying Periods and corresponding Incentive Periods are as follows:

Qualifying Period	Corresponding Incentive Period
July 16, 2012-October 15, 2012	November 1, 2012-December 31, 2012
September 16, 2012-December 15, 2012	January 1, 2013-March 31, 2013
December 16, 2012-March 15, 2013	April 1, 2013-June 30, 2013
March 16, 2013-June 15, 2013	July 1, 2013-September 30, 2013
June 16, 2013-September 15, 2013	October 1, 2013-December 31, 2013

- b. *Progressive Volume Tiers.* During an applicable Incentive Period, Qualifying Participants may participate in the following progressive volume tiers to be calculated each respective calendar month over an Incentive Period. The progressive volume tier levels and corresponding ADV must be independently met for each of the respective product groups set forth in the table below (each a "Product Group"). ADV will not be combined across the Product Groups.

Progressive Volume Thresholds		Product Groups and Applicable Fee Rates						
Minimum ADV (sides)	Maximum ADV (sides)	Interest Products	Rate	Foreign Exchange Products	Equity Products	Energy products	Metals products	Agricultural Products
0	1000	\$0.44		\$0.54	\$0.49	\$0.75	\$0.75	\$0.81
1001	2000	\$0.30		\$0.40	\$0.40	\$0.55	\$0.57	\$0.55
2001	3000				\$0.35			
3001	5000							
5001	10000	\$0.22		\$0.35	\$0.35	\$0.45		
10001	20000							
20001	25000							
25001	50000							

2. *Additional Fee Discounts:* Qualifying Participants that meet the Product Group ADV requirements (as set forth in 2(b) below,) measured over an applicable Qualifying Period (as set forth in 2(a) below) will be eligible to receive additional discounts on select Product Groups during a corresponding Incentive Period.

- a. *Qualifying Periods/Incentive Periods.* For the purposes of the additional fee discounts, the Program's Qualifying Periods and corresponding Incentive Periods are as follows:

Qualifying Period	Corresponding Incentive Period
July 16, 2012-October 15, 2012	November 1, 2012-December 31, 2012
September 16, 2012-December 15, 2012	January 1, 2013-March 31, 2013
December 16, 2012-March 15, 2013	April 1, 2013-April 30, 2013

- b. The select Product Groups, corresponding Product Group ADV requirements and additional fee discounts are as follows

- i. *Energy:*

Minimum ADV Requirement (sides)	Additional Fee Discount
1000 energy contracts on Globex	\$0.15 for each energy contract traded during the applicable Incentive Period

ii. *Agricultural Products:*

Minimum ADV Requirement (sides)	Additional Fee Discount
100 agricultural contracts on Globex	\$0.20 for each agricultural contract traded during the applicable Incentive Period

iii. *Equity Contracts:*

Minimum ADV Requirement (sides)	Additional Fee Discount
25, 000 Equity contracts on Globex	\$0.10 for each Equity contract exceeding the 25,000 ADV level traded during the applicable Incentive Period

3. Restrictions. Participants may choose to participate in the Program on a Product Group by Product Group basis, but must select which Product Groups they want to include under the Program when submitting their initial application. Participants may not receive incentives under the IIP for volumes in Products counted toward the Program.

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.