



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

October 29, 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: Implementation of the Copper Options Incentive Program
COMEX Submission No. 12-350**

Dear Ms. Warfield:

Commodity Exchange, Inc. ("COMEX" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") that it plans to implement an incentive program in support of COMEX Copper Options ("Program"). The proposed Program will become effective on November 15, 2012.

Exhibit 1 sets forth the terms of the proposed Program.

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

The proposed Program's incentive structure as set forth in the Exhibit 1 below is such that it does not incentivize manipulative trading or market abuse and will not impact the Exchange's ability to perform its trade practice and market surveillance obligations under the CEA. COMEX's market regulation staff will continue to monitor trading in the Program's products to prevent manipulative trading and market abuse. Additionally, the Exchange has implemented systems to track Program participants' volume to ensure proper distribution of earned incentives. The products included in this Program are listed for trading in the open and competitive market. The incentives available under the Program will apply to transactions by participants via any of the available execution and/or clearing venues, including the pit and our central limit order book. Therefore, the incentives under this Program protect any price discovery taking place in the centralized market. As further stated in Exhibit 1, all market participants that trade the Program's products will be entitled to participate. Chapter 4 of the Exchange rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program will be subject to these Rules.

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

The Exchange certifies that this submission has been concurrently posted on the Exchange's 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 COMEX Submission No. 12-350 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachments

EXHIBIT 1

Copper Options Incentive Program

Program Purpose

The purpose of the Program is to improve liquidity in the products listed below that are traded on the CME Globex Platform, the COMEX trading floor or submitted to the CME Clearing House for clearing. A more liquid contract benefits all participants in the market.

Product Scope

COMEX Options on Copper Futures that are traded on the CME Globex Platform or submitted to the CME Clearing House for clearing ("Products").

Eligible Participants

There is no limit to the number of participants in the Program. Participants can be COMEX members or non-members. The incentives listed below will automatically apply to all trades in the Products.

Program Term

Start date is November 15, 2012. End date is May 14, 2013.

Hours

N/A

Program Incentives

While the Program is in effect, all COMEX members and non-members will receive transaction fee discounts in the Products so that the fee they will be charged will be in accordance with the following:

Transaction Fees			
	Member Rate	Non-Member Rate	Cross Division
Trading Floor	\$0.00	\$0.45	\$0.25
Globex	\$0.00	\$0.45	\$0.25
ClearPort	\$0.00	\$0.45	N/A

Monitoring and Termination of Status

The Exchange shall monitor trading activity retain the right to revoke Program participant status if it concludes from review that a Program participant no longer meets the eligibility requirements of the Program.