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Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

November 10, 2011

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 the CME Market Maker Program for Sovereign Yield  
Spread Futures. CME Submission No. 11-412**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") of modifications to an existing Market Making Program for certain Sovereign Yield Spread futures contracts that are traded on Globex® ("Program"). The modifications to the proposed Program will become effective on December 1, 2011.

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

CME business staff responsible for the Program and the CME 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 and proposed modifications will not impact the Exchange's ability to perform its trade practice and market surveillance obligations under the CEA and the Exchange's 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 Exchange has implemented systems to track Program participants' obligations under the Program to ensure proper distribution of earned incentives. The incentives in the Program do not impact the Exchange's' 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 rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. All participants must execute a contractual agreement with the Exchange in which each participant will expressly agree to comply with and be subject to, applicable regulations and CME rules. The Program is subject to the Exchange's record retention policies which comply with the CEA.

CME certifies that the Program and the modifications to the Program comply with the Commodity Exchange Act and the regulations thereunder. There were no substantive opposing views to this Program or the proposed modifications.

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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](mailto:robert.lev@cmegroup.com), or contact me at 212-299-2200. Please reference our CME Submission No. 11-412 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Attachments

# EXHIBIT 1

## Market Maker Program for Sovereign Yield Spread Futures

### Program Purpose.

The purpose of this Program is to incent market makers to enhance liquidity in the products listed below. The purpose for the modification below is to attract additional market makers into the Program. A more liquid contract benefits all participants in the market.

### Product Scope

Sovereign Yield Spread futures on Globex® ("SOVY Futures")

### Eligible Participants

Up to five (5) participants may be selected into the Program. Participants can be CME members or non-members. Potential participants are required to submit an application/bid sheet to the Exchange which is used to determine eligibility. CME staff will use a variety of factors in determining whether or not a prospective market maker is selected to participate in the Program, including but not limited to past performance in SOVY Futures, previous experience in trading deferred Eurodollar contracts, and the ability to commit to and maintain at least the required quoting obligations.

### Program Term

Start date is May 23, 2011. End date is December 31, 2013.

### Hours

RTH (1:00am – 12:00pm Chicago Time).

### Obligations

#### Quoting Requirements:

Each Program participant must quote two-sided markets at contracted bid-offered price spreads and in contracted bid and offered sizes, in at least four (4) of 12 Sovereign Yield Spread futures products on Globex.

#### Program Incentives:

Upon satisfying all Program obligations, as determined by the Exchange, each Program participant shall be eligible for the following monthly incentives.

1. Fee Waivers. Market makers in the Program will receive fee waivers for all SOVY Futures products traded on Globex through their registered market maker accounts.
2. Performance Stipend. ~~For the first six months of the Program~~ Until June 30, 2012, market makers will receive a monthly stipend for performing their obligations.
3. Incentive Pool. ~~Beginning 6 months after the start of the Program~~ June 30, 2012, market makers may qualify for participation in a SOVY futures Incentive pool based on generated revenue from SOVY Futures ("Incentive Pool"), to be allocated amongst Program participants on a pro-rata basis. To be eligible to receive an Incentive Pool distribution for any given reporting month, a program participant's SOVY futures trading

volume during that reporting month must be at least 5 percent of total SOVY futures trading volume (ie, number of futures sides traded) during that reporting month.

**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.