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Associate Director and Assistant General Counsel
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OFFICE OF THE
SECRETARIAT

November 18, 2011

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

RE: Regulation 40.6(a) Rule Certification. Chicago Mercantile Exchange Inc./The Board of Trade of the City of Chicago, Inc./New York Mercantile Exchange, Inc./Commodity Exchange, Inc.

Submission # 11-419: Revisions to CME, NYMEX and COMEX Rule 539.C. ("Pre-Execution Communications Regarding Globex Trades") and CBOT Rule 539.C. ("Pre-Execution Communications Regarding Globex Trades in Interest Rate, Ethanol and Dow Options")

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME"), The Board of Trade of the City of Chicago, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX") (collectively, "the Exchanges") are notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that they are self-certifying revisions to Rule 539.C. The revisions reduce the required minimum waiting period between the entry on CME Globex of a Request for Quote ("RFQ") and a Request for Cross ("RFC") order in CME and CBOT interest rate options that result from allowable pre-execution communications. Under the revised rules, the waiting period has been reduced from fifteen (15) to five (5) seconds. The changes will become effective on Sunday, December 11, for trade date Monday, December 12, 2011.

As of the effective date, opposing buy and sell orders in CME and CBOT interest rate options intended for execution on CME Globex pursuant to a pre-execution communication will require the entry of an RFQ followed by the entry of an RFC order (an order that includes both the buy and sell orders arising from the pre-execution communication) which can be entered no earlier than five (5) seconds and no later than thirty (30) seconds after the entry of the RFQ. The purpose of the waiting period between the entry of the RFQ and the RFC is to provide the marketplace an opportunity to enter orders for the particular option or options combination.

Most options ISV's now offer functionality allowing traders to immediately respond to RFQs in both outright options and complex strategies. Additionally, RFQ response rates are approximately 90% for both CME and CBOT interest rate options. Many RFQ responses are within "0" seconds, as once a strategy is quoted market makers will continue to stream quotes in the strategy for the balance of the day. Additionally, as a matter of course most market makers stream quotes in all outright options continually.

As the chart below shows, requiring a fifteen (15) second waiting period versus a five (5) second waiting period provides little additional liquidity to the market.

RFQ Response Statistics July 2011					
	Total RFQ's	Total RFQ's Responded To	At Least One Response in "0" Seconds	Average Bid/Ask Quantity After 5 Seconds	Average Bid/Ask Quantity After 15 Seconds
ED Options	24,695	88%	67%	783	822
Treasury Options	42,075	92%	79%	291	295

In connection with the modifications to Rule 539.C. CME Group will issue Market Regulation Advisory Notices RA1106-5 on December 6, 2011 providing information on the upcoming changes to Rule 539.C. A copy of the Advisory Notice is included with this Submission.

Additionally, while the revisions do not affect NYMEX or COMEX as neither Exchange lists any interest rate products, NYMEX Rule 539 is also being amended to keep it harmonized with CME Rule 539. The two rules have been completely harmonized since September 14, 2009.

The Interest Rate Business Line Management, Market Regulation and Legal Departments collectively reviewed the designated contract market ("DCM") core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, we have identified that the revisions to Rule 539.C. may have some bearing on the following Core Principle:

- Execution of Transactions:** The existing rules permitting pre-execution communications with respect to CME Globex trades comply with Core Principle 9 by ensuring that market participants have an opportunity to enter orders and trade at the RFC price prior to the two parties to the pre-execution communication being able to cross the trade on CME Globex. The current revisions to Rule 539.C. will result in the waiting period for entry of the RFC in CME and CBOT interest rate options being reduced from 15 seconds to 5 seconds after submittal of the required RFQ. This change will harmonize CME and CBOT interest rate options to the current requirements in Rule 539.C. for CME and CBOT equity options in observing a 5 second waiting period prior to the entry of the RFC. As explained above, the waiting period provides market makers and other market participant with the opportunity to populate the book after the RFQ is disseminated. Based on technology improvements, most options ISVs offer functionality allowing traders to immediately respond to RFQs in both outright options and complex strategies, and, as the statistical information set forth above shows, there is limited additional liquidity provided to the central limit order book by requiring a fifteen (15) second waiting period.

The Exchanges certify that the revisions to Rule 539.C. comply with the Commodity Exchange Act and regulations thereunder. There were no substantive opposing views to this proposal. The amendments will become effective on Sunday, December 11 for trade date Monday, December 12, 2011.

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>.

The revisions to Rule 539.C. appear below, with additions underscored and deletions overstruck.

CBOT Rule 539

PREARRANGED, PRE-NEGOTIATED AND NONCOMPETITIVE TRADES PROHIBITED

539.A. General Prohibition

No person shall prearrange or pre-negotiate any purchase or sale or noncompetitively execute any transaction, except in accordance with Sections B. and C. below.

539.B. Exceptions

The foregoing restrictions shall not apply to block trades pursuant to Rule 526 or Exchange for Related Positions transactions pursuant to Rule 538.

539.C. Pre-Execution Communications Regarding Globex Trades in Interest Rate, Ethanol and Dow Options

Parties may engage in pre-execution communications with regard to Interest Rate, Ethanol and Dow options transactions executed on the Globex platform where one party wishes to be assured that a contra party will take the opposite side of the order under the following circumstances:

[Numbers 1.-3. are unchanged.]

4. Subsequent to the pre-execution communication, a Request for Quote ("RFQ") for the particular option or option spread or combination must be entered into Globex. Thereafter, in equity and interest rate options, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered into Globex no less than five (5) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. In Ethanol options, the RFC order must be entered no less than fifteen (15) and no more than thirty (30) seconds after the RFQ in order to proceed with the trade. The RFQ and the RFC order must be entered within the same trading session. Failure to enter the RFC order within 30 seconds after the entry of the RFQ will require a new RFQ to be entered prior to the entry of the RFC order, which must be entered in accordance with the time parameters described above in order to proceed with the trade.

CME, NYMEX and COMEX Rule 539

CME Rule 539. PREARRANGED, PRE-NEGOTIATED AND NONCOMPETITIVE TRADES PROHIBITED

539.A. General Prohibition

No person shall prearrange or pre-negotiate any purchase or sale or noncompetitively execute any transaction, except in accordance with Sections B. and C. below.

539.B. Exceptions

The foregoing restriction shall not apply to block trades pursuant to Rule 526 or Exchange for Related Positions transactions pursuant to Rule 538.

539.C. Pre-Execution Communications Regarding Globex Trades

Parties may engage in pre-execution communications with regard to transactions executed on the Globex platform where one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the order under the following circumstances:

[Numbers 1.-3. Are unchanged.]

4. In the case of options orders, subsequent to the pre-execution communication, a Request for Quote ("RFQ") for the particular option or option spread or combination must be entered into Globex. Thereafter, in equity and interest rate options, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered into Globex no less than five (5) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. In all other options, the RFC order must be entered no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. The RFQ and the RFC order must be entered within the same trading session. Failure to enter the RFC order within 30 seconds after the entry of the RFQ will require a new RFQ to be entered prior to the entry of the RFC order, which must be entered in accordance with the time parameters described above in order to proceed with the trade.

Mr. David Stawick
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If you have any questions regarding this submission, please contact Robert Sniagowski, Market Regulation, at 312.341.5991 or via email at Robert.Sniagowski@cmegroup. Alternatively, you may contact me at 312.930.8167 or via email at Sean.Downey@cmegroup.com. Please reference CME/CBOT/NYMEX/COMEX Submission No. 11-419 in any related correspondence.

Sincerely,

/s/Sean M. Downey
Associate Director & Assistant General Counsel