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Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

OFFICE OF THE  
SECRETARIAT

November 23, 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: Regulation 40.6(a) CME E-mini SmallCap and Sector Futures Market Maker Program  
CME Submission No. 11-444**

Dear Mr. Stawick:

The Chicago Mercantile Exchange Inc. ("CME" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") of the implementation of a Market Making Program for certain E-mini SmallCap futures and E-mini S&P Select Sector futures contracts that are traded on Globex® ("Program"). The proposed Program will become effective on January 1, 2012.

Exhibit 1 sets forth the terms of the proposed Program.

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 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 proposed Program's incentive structure as set forth in 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. 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 proposed 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 applicable Exchange in which each participant will expressly agree to comply with and be subject to, applicable regulations and CME rules. The proposed Program will be subject to the Exchange's record retention policies which comply with the CEA.

CME certifies that the Program complies with the Commodity Exchange Act 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>

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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. 11-444 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Attachments

**EXHIBIT 1**  
**CME E-mini SmallCap and Sector Futures Market Maker Program**

**Program Purpose**

The purpose of this Program is to incent market makers to enhance liquidity in the Products listed below. A more liquid contract benefits all participants in the market.

**Product Scope**

E-mini SmallCap futures and all E-mini S&P Select Sector futures products traded on Globex® ("Products").

**Eligible Participants**

Up to fifteen (15) 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. In determining whether or not a prospective market maker is selected to participate in the Program, CME staff may take into account a variety of factors including, but not limited to, the prospective market maker's overall historical volume and experience in the Products traded on the CME Globex® Platform, the prospective participants overall historical performance and experience acting as a market maker in other CME programs, and the ability to commit to and maintain at least the required quoting obligations.

**Program Term**

Start date is January 1, 2012. End date is December 31, 2012.

**Hours**

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

**Obligations**

**Quoting Requirements:**

Participants must post a two-sided market for E-mini SmallCap futures and at least four (4) of the nine (9) sectors in the CME E-mini S&P Select Sector futures contracts with a contracted maximum bid/ask spread and minimum volume quote per side.

**Program Incentives** Upon satisfying all Program obligations, as determined by the Exchange, each Program participant shall be eligible for the following incentive:

**Fee Waivers.** CME shall waive all of the market maker's CME Globex® execution and clearing fees for the Products traded through designated account(s).

**Monitoring and Termination of Status**

The Exchange 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.