



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

November 26, 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: **Modifications to the CBOT Market Maker Program for Deferred 30-Day Federal Fund Futures. CBOT Submission No. 12-401**

Dear Ms. Warfield:

Board of Trade of the City of Chicago, Inc. ("CBOT" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") of modifications to an existing Market Making Program for certain Deferred 30-Day Federal Fund futures contracts that are traded on Globex® ("Program"). The proposed modifications to the Program will become effective on January 2, 2013.

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

CBOT business staff responsible for the Program and the CBOT legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodities Exchange Act ("CEA"). During the review, 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 trading in the Program's products to prevent manipulative trading and market abuse. Additionally, the Exchange has implemented systems to track Program participants' obligations 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 CBOT 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 CBOT rules. The Program is subject to the Exchange's record retention policies which comply with the CEA.

CBOT certifies that the Program and the modifications to the Program comply with the CEA and the regulations thereunder. There were no substantive opposing views to this Program or the proposed modifications.

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 CBOT Submission No. 12-401 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachments

EXHIBIT 1

Market Maker Program for CBOT Deferred 30-Day Federal Fund Futures

Program Purpose

The purpose of the Program is to improve liquidity in deferred Federal Funds futures by providing incentives to designated Program participants. A more liquid contract benefits all participants in the market.

Product Scope

CBOT Deferred 30-Day Federal Fund Futures traded on Globex® (“Products”).

Eligible Participants

Eligibility for participation shall extend to any Exchange member, of any membership category, and to any non-member customer. ~~Up to 20 participants will be allowed in the Program. There is no limit to the number of participants that may participate in the Program.~~ New participants are required to submit a Bid Sheet to the Exchange which is used to determine eligibility. Exchange staff will use a variety of factors in determining whether or not a prospective market maker is selected to participate in the Program, including past performance in Deferred 30-Day Federal Fund futures and the ability to commit to and maintain at least the required quoting obligations. Notwithstanding the forgoing, the Exchange may, from time to time, add to or subtract from the factors listed above as it deems necessary.

Program Term

Start date is February 1, 2008. End date is ~~December 31, 2012~~ December 31, 2013.

Hours

Regular and Extended Trading Hours (RTH & ETH).

Obligations

Quoting Requirements:

Quote two-sided markets, continuously during contracted market making hours between ~~5~~7:30am-4:00pm Chicago Time under normal market conditions, in at least three (3) outright or calendar spread markets in 30-Day Federal Funds futures at contracted bid-offered price spreads in contracted bid and offered sizes. Each such outright or calendar spread must include at least one 30-Day Federal Funds futures contract that expires in the fourth futures delivery month or later.

Program Incentives:

Each registered market maker account shall receive monthly fee credits equal to two times (2x) the fees charged to the participant for the Products traded in such account during the corresponding month. The monthly credits are to be applied towards trades made by the participant during the applicable month in CBOT Federal Fund futures contracts. The credits will be capped at \$15,000.00 per month per member account and \$30,000.00 per month per non-member account.

Trading in the new third year contract (Greens) will be further incentivized by increasing the ratio to 5:1 for the trades executed in months 25-36 of the Products.

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.