



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

December 05, 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: CME Electronic Corporate Membership Waiver Program  
CME Submission No. 11-437**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") of the implementation of an Incentive Program for proprietary trading groups ("ECM" or "Program"). The proposed Program will become effective on December 20, 2011.

Exhibit 1 sets forth the terms of the proposed Program.

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

The proposed Program's incentive structure does not incentivize manipulative trading or market abuse and does 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 nevertheless continue to monitor all market participants that trade under the Program to prevent manipulative trading and market abuse. The incentives in the proposed Program do not impact the Exchange's order execution. Participants in the Program will be selected by the Exchange's staff using criteria as further stated in Exhibit 1. Chapter 4 of the Exchange's rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The proposed Program is subject to these 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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Page 2

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. 11-437 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Attachments

# EXHIBIT 1

## CME ELECTRONIC CORPORATE MEMBERSHIP WAIVER PROGRAM

### Program Purpose

The purpose of this Program is to incentivize proprietary trading firms to trade the products listed below on the CME Globex® Platform. The resulting increase in liquidity in the products listed below benefits all participant segments in the market.

### Product Scope

All CME products available for trading on the Globex® Platform ("Products").

### Eligible Participants

There is no limit to the amount of participants that may be selected in the Program. All approved non-members may participate. ECM participants must be a proprietary trading firm. A proprietary trading firm is a legal entity that trades its own capital. Trading funds must be exclusively firm funds and all trading must be done in the firm's accounts. Traders must be owners of, employees of, or contractors to the firm. Additionally proprietary trading firms must meet the following criteria:

- All profits and losses of the account are included in the income of the firm.
- All profits and losses of the account are taxed to the firm.
- The trader (non-owner) does not make any capital contribution to the account.
- Only the firm's capital is at risk of loss; no traders may make any contributions or payments to the firm nor have any capital at risk.
- All trading activity must be solely for the benefit of the participant. No other individuals or entities can have any ownership interest in the participant's proprietary accounts.
- All funds contributed to and traded under the ECM are subject to loss from any and all trading activity of the ECM.

### Program Term

Start date is December 20, 2011. End date is December 31, 2012.

### Hours

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

### Obligations

For continued eligibility, ECM participants must maintain a combined average daily volume in the Products of fifty (50) contracts (sides) a day measured over a given calendar quarter.

### Program Incentives:

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

Fee Discounts. Participants will be eligible to receive fee discounts for the Products that are traded. ECM participants will be charged the following fees:

For trades executed during Regular Trading Hours (RTH)

Product Category	Trades on Globex (Globex + Clearing Fees) [per side]	Open Outcry Trading (Clearing Fees) [per side]
E-mini Equity Index Products	64¢	N/A
Full Size Equity Index Products	\$1.30	80¢
Interest Rate products	59¢	64¢
Foreign Exchange Products	64¢	60¢
Agricultural Products	96¢	64¢

For trades executed during Extended Trading Hours (ETH)

Product Category	Trades on Globex (Globex + Clearing Fees) [per side]	Open Outcry Trading (Clearing Fees) [per side]
E-mini Equity Index Products	49¢	N/A
Full Size Equity Index Products	\$1.00	80¢
Interest Rate products	44¢	64¢
Foreign Exchange Products	54¢	60¢
Agricultural Products	81¢	64¢

**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.

# SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional) 11-437

Date: December 05, 2011

**IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.**

## ORGANIZATION

Chicago Mercantile Exchange Inc

## FILING AS A:



DCM



SEF



DCO



SDR



ECM/SPDC

## TYPE OF FILING

### • Rules and Rule Amendments



Certification under § 40.6 (a) or § 41.24 (a)



“Non-Material Agricultural Rule Change” under § 40.4 (b)(5)



Notification under § 40.6 (d)



Request for Approval under § 40.4 (a) or § 40.5 (a)



Advance Notice of SIDCO Rule Change under § 40.10 (a)

### • Products



Certification under § 39.5(b), § 40.2 (a), or § 41.23 (a)



Swap Class Certification under § 40.2 (d)



Request for Approval under § 40.3 (a)



Novel Derivative Product Notification under § 40.12 (a)

## RULE NUMBERS

N/A

## DESCRIPTION

CME Electronic Corporate Membership Waiver Program

RECEIVED  
CFTC

2011 DEC -5 PM 4:35



December 05, 2011

OFFICE OF THE  
SECRETARIAT

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