



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: Modifications to the CME Dairy Futures Regular Trading Hours Market  
Making Program on Globex®  
CME Submission No. 11-473**

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 Dairy Futures contracts that are traded on Globex® ("Program"). The proposed modifications to the Program will become effective on January 01, 2012.

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 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.

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. 11-473 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Attachments

# EXHIBIT 1

## Modifications to the Dairy Futures Regular Trading Hours Market Making Program on Globex®

### Program Purpose

The purpose of this Program is to incent market makers to enhance liquidity in the products listed below. The resulting increase in central limit order book liquidity for certain Dairy futures on the CME Globex® platform benefits all participants segments in the market.

### Product Scope

The following CME Dairy futures products available for trading on the Globex® Platform ("Products"):

Class III Milk Futures	Cash-Settled Butter Futures
Class IV Milk Futures	Dry Whey Futures
Cash-Settled Cheese Futures	Non-fat Dry Milk Futures

### Eligible Participants

Up to ~~three (3)~~ four (4) 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 past performance in Dairy futures, 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. Notwithstanding the forgoing, CME may, from time to time, add to or subtract from the factors listed above as it deems necessary.

### Program Term

Start date is September 2005. End date is ~~December 31, 2011~~ December 31, 2012.

### Hours

Regular Trading Hours ("RTH")

### Obligations

#### Quoting Requirements:

Market maker will be required to provide two-sided electronic markets in Class III Milk and one (1) other respective Product with contracted spreads and bid/ask volume for 60% of the RTH timeframe. All Product activity shall be conducted through a designated account of the market maker.

### 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 market maker's CME Globex® execution and clearing fees for the Products traded through the designated market making account.

**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.