



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: Regulation 40.6(a): CME Dairy, Livestock and Lumber Futures Volume
Incentive Program
CME Submission No. 11-474**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc ("CME" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") of the implementation of an volume incentive program for in support of CME Dairy, Livestock and Lumber Futures traded on the CME Globex® electronic trading platform ("Program"). The proposed Program will become effective on January 1, 2012.

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 and Compliance with Rules.

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 the products in 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 open to all participants that meet the criteria 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.

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>

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 CME Submission No. 11-474 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachments

EXHIBIT 1

CME Dairy, Livestock and Lumber Futures Volume Incentive Program

Program Purpose

The purpose of the Program is to incentivize higher levels of volume contribution in the products listed below on the CME Globex® Platform. The resulting increase in central limit order book liquidity benefits all participant segments in the market.

Product Scope

Live Cattle futures, Feeder Cattle futures, Lean Hog futures, Class III Milkfutures, Cash-Settled Cheese futures, Dry Whey futures, Class IV Milk futures, Cash-Settled Butter futures, Non-fat Dry Milk Futures and Lumber futures that are traded on the Globex® Platform ("Products").

Eligible Participants

There is no limit to the amount of participants that may be selected in the Program. Participants must be a:

1. CME Individual Equity Member or Rule 106.D Lessees Member ("Individual Participant"), or
2. CME Clearing Member Firm, Rule 106.J Equity Member Firm, Rule 106.I Member Firm or Rule 106.S Member Approved Fund ("Participating Firm").

Additionally,

- For an Individual Participant, accumulation of trades will be per Trading Account under a single Bill Firm and joint accounts between Equity and Lessee Members will also be eligible for the incentives below.
- For a Participating Firm, accumulation of trades will be aggregated by account owner(s) across accounts within a single Bill Firm. Clearing Member accounts and their related Rule 106.I Member(s) are treated as one for purposes of calculating the incentives below. Family of Hedge Fund Accounts (accounts registered to 106S Member Approved Fund) are accumulated with their related Equity Corporate Member.

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 regardless of the execution time.

Program Incentives:

Participants will be eligible to receive the following incentives:

Progressive Volume Discounts. Participants will be eligible to receive progressive discounts for Globex execution fees charged in electronic trades in the Products executed on Globex®. The applicable discount per side traded will be based on the participant's combined average daily volume ("ADV") in the Products executed on Globex® measured over a given calendar month in accordance with the following tables:

Individual Participants:

Progressive Volume Tiers (in sides) For Executed Trades in the Products on Globex®	Amount Discounted Per Side
Between 1-350 sides	\$0.00
Between 351-600 sides	\$0.11
Between 601-800 sides	\$0.21
Exceeds 800 sides	\$0.31

Participating Firms:

Progressive Volume Tiers (in sides) For Executed Trades in the Products on Globex®	Amount Discounted Per Side
Between 1-600 sides	\$0.00
Between 601-1000 sides	\$0.11
Between 1001-1500 sides	\$0.21
Exceeds 1500 sides	\$0.31

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 of the Program.