

RECEIVED
CFTC

2011 DEC -7 AM 4:09



OFFICE OF THE
SECRETARIAT

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

December 07, 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: The Chicago Mercantile Exchange Inc. ("CME" or the "Exchange") Class III
Milk Options Market Making Program on Globex®
CME Submission No. 11-483**

Dear Mr. Stawick:

CME hereby notifies the Commodity Futures Trading Commission ("Commission") of the implementation of a market making program for Class III Milk options 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 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.

Mr. David Stawick
December 7, 2011
Page 2

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. 11-483 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachments

EXHIBIT 1

CME CLASS III MILK OPTIONS 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 Class III Milk Options on the CME Globex® platform benefits all participants segments in the market.

Product Scope

Class III Milk options products traded on Globex® ("Products").

Eligible Participants

Up to three (3) 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 Class III Milk Options, 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 January 01, 2012. End date is December 31, 2012.

Hours

Regular Trading Hours ("RTH")

Obligations

Quoting Requirements:

Market maker will be required to provide two-sided electronic markets in the Products with contracted bid/ask spreads and minimum quote size during RTH.

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 fees for the Products traded through market maker's designated 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.