



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

December 7, 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 CME Electronic Corporate Membership Waiver Program
CME Submission No. 12-404**

Dear Ms. Warfield:

Chicago Mercantile Exchange Inc. ("CME" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") of proposed modifications to the CME Electronic Corporate Membership Waiver Program ("Program"). The proposed modifications to the Program will become effective on January 2, 2013.

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

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, Exchange 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 Program and its proposed modifications do not in incentive manipulative trading or market abuse or 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 trading in the Program's products to prevent manipulative trading and market abuse. The Program does not impact the Exchange's order execution. Participants in the Program will be selected by Exchange staff using criteria as set forth in Exhibit 1. Chapter 4 of the Exchange rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program and its modifications are subject to these rules and the Exchange's record retention policies, which comply with the CEA.

CME certifies that the Program and its proposed modifications comply with the CEA and the regulations thereunder. There were no substantive opposing views to this Program or its 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 CME Submission No. 12-404 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. Program 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 Program are subject to loss from any and all trading activity of the Program.

Program Term

Start date is December 20, 2011. End date is ~~December 31, 2012~~December 31, 2013.

Hours

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

Obligations

For continued eligibility, Program 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. Program 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.