



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

December 10, 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: CME Mexican Peso Options Market Making Incentive Program on Globex®  
CME Submission No. 12-449**

Dear Ms. Warfield:

Chicago Mercantile Exchange Inc. ("CME" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") that it plans to implement a market making incentive program in support of Mexican Peso options contracts traded on Globex® ("Program"). The proposed Program will become effective on December 26, 2012.

Exhibit 1 sets forth the terms of this 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 will not impact the Exchange's ability to perform its trade practice and market surveillance obligations under the CEA. Nevertheless, CME Market Regulation Staff will continue to monitor all market participants for any manipulative trading and/or market abuse in the Program's products. Additionally, the Exchange has implemented systems to track Program participants' volume to ensure proper distribution of earned incentives. The proposed Program does not impact the Exchange's order execution. Participants in the Program will be selected by CME 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 CME in which each participant will expressly agree to comply with, and be subject to, applicable regulations and CME rules. Additionally, the proposed Program will be subject to the Exchange's record retention policies, which comply fully with the CEA.

CME certifies that the proposed Program complies with the CEA 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](mailto:robert.lev@cmegroup.com), or contact me at 212-299-2200. Please reference our CME Submission No. 12-449 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## Mexican Peso Options Market Making Incentive Program on Globex®

### **Program Purpose**

The purpose of this Program is to incentivize participants to increase Globex liquidity in the products listed below. A more liquid contract on the central limit order book benefits all participants in the marketplace.

### **Product Scope**

Mexican Peso Options traded on Globex ("Products").

### **Eligible Participants**

CME may designate up to ten (10) participants in the Program. Participants may be CME members or non-members. When selecting potential participants, 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 Premium-Quoted FX Products, the prospective participants overall historical performance and experience acting as a market maker in other CME programs, and the ability to respond to request for quotes, maintain high quality bid/ask spreads, and book size in the Product. Notwithstanding the foregoing, CME may add or subtract from the aforementioned factors as it deems necessary.

### **Program Term**

Start date is December 26, 2012. End date is December 31, 2013.

### **Hours**

Designated hours during RTH ("Hours")

### **Obligations**

*Minimum Quoting Obligations.* Each calendar month, participants must quote continuous two-sided markets in designated contract months of the Products at maximum bid/offer spreads and minimum quote sizes.

### **Incentives**

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

### **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 has failed to meet its obligations or no longer meets the eligibility requirements of the Program.