December 10, 2012

<u>**VIA E-MAIL**</u>

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 the CME Interest Rate Market Maker Program for Eurodollar Pack and Bundle Futures. CME Submission No. 12-433**

Dear Ms. Warfield:

Chicago Mercantile Exchange Inc. ("CME" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") of modifications to the CME Interest Rate Market Maker Program for Eurodollar Pack and Bundle Futures ("Program"). The proposed modifications to the Program will become effective on January 2, 2013.

Exhibit 1 sets forth the terms of this Program. The modifications appear below, with additions <u>underscored</u> 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 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 CEA 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, or contact me at 212-299-2200. Please reference our CME Submission No. 12-433 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

Market Maker Program for Eurodollar Packs and Bundles Futures

Program Purpose

The purpose of this Program and the Program modifications are to further encourage electronic trading of deferred Eurodollar future contracts. A more liquid contract benefits the entire marketplace.

Product Scope

Eurodollar Pack and Bundle Futures traded on Globex® ("Products").

Eligible Participants

Up to thirty (30) participants will be allowed in the Program. The Program is available to CME members and the following CME group Incentive Program participants ("Special Program Participants"):

Asian Incentive Program, International Incentive Program, Latin American Bank Incentive Program, Electronic Corporate Membership Waiver Program and the Latin American Fund Manager Incentive Program.

New participants are required to submit a Bid Sheet to the Exchange which is used to determine eligibility. Exchange staff looks at a variety of factors when selecting participants including, but not limited to, historical performance in the Products, previous experience in trading deferred Eurodollar contracts, and the ability to commit to and maintain continuous two-sided markets in the Products.

Program Term

Start date is February 2005. End date is ~~December 31, 2012~~ December 31, 2013.

Hours

5:00 p.m. – 4:00 p.m. Chicago Time.

Obligations

Quoting Requirements:

Each legacy participant must quote, at contracted bid-offered price spreads and in contracted bid and offered sizes, at least three (3) Pack, Bundle, Pack Butterfly or Pack Spread combinations, where each such Pack, Bundle, Pack Butterfly or Pack Spread combination must meet at least one of the following criteria:

(1) Any Pack consisting of Eurodollar future contract whose front leg is in the Green (third) year or later.

(2) Any Bundle consisting of Eurodollar future contract whose front leg is in the Green (third) year or later.

(3) Pack Butterfly consisting of Eurodollar future contracts whose front leg is in the Green (third) year or later.

(4) Pack Spread consisting of Eurodollar future contracts whose front leg is in the Green (third) leg or later.

New participants must quote at least three (3) spreads as a Pack, Bundle, Pack Butterfly or Pack Spread at contracted bid-offered price spreads and in contracted bid and offered sizes. Each combination quoted must include "Blue" contracts or contracts more deferred, and must meet at least one of the following criteria:

(1) Any Pack consisting of Eurodollar future contract whose front leg is in the Blue (fourth) year or later.

(2) Any Bundle consisting of Eurodollar future contract whose front leg is in the Blue (fourth) year or later.

(3) Pack Butterfly consisting of Eurodollar future contracts whose front leg is in the Blue (fourth) year or later.

(4) Pack Spread consisting of Eurodollar future contracts whose front leg is in the Blue (fourth) leg or later.

Program Incentives

Each legacy participant, upon satisfying all Program obligations, as determined by the Exchange, shall be eligible for monthly fee credits based on the numbers and terms to expiry of Eurodollar futures that such Program participant has traded.

For any Eurodollar futures contract of a given month traded in a registered market making account(s), such account shall receive a fee credit based on a multiple of the number of such Eurodollar futures contracts traded.

Such fee credit shall be on the basis of $0.10 per contract for members and $0.22 per contract for Special Program participants. The multiplier that shall apply in the determination of the fee credit amount shall be set as follows:

Year Bracket of Contract Delivery Month	Fee Credit Multiplier	Fee Credit per Contract
White and Red	1	$0.10/$0.22
Green through Gold	~~15~~ 10	~~$1.50/$3.30~~ $1.00/$2.20
Purple through Copper	30	$3.00/$6.60

The monthly credits will be capped at $750,000.00 per month, per firm.

Each new participant, upon satisfying all Program obligations, as determined by the Exchange, shall be eligible for monthly fee credits based on the numbers and terms to expiry of Eurodollar futures that such Program participant has traded.

For any Eurodollar futures contract of a given month, traded in a registered market making account(s), such account shall receive a fee credit based on a multiple of the number of such Eurodollar futures contracts traded.

Such fee credit shall be on the basis of ~~$0.20~~ $0.10 per contract for members and ~~$0.44~~ $0.22 per contract for Special Program participants. The multiplier that shall apply in the determination of the fee credit amount shall be set as follows:

Year Bracket of Contract Delivery Month	Fee Credit Multiplier	Fee Credit per Contract
Blue	2:1	$0.20/$0.44

The monthly credits will be capped at $750,000.00 per month, per firm.

Monitoring and Termination of Status

The Exchange shall monitor market making activity and shall retain the right to revoke Program participant status if it concludes from its review that a Program participant is not complying with Program obligations.