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OFFICE OF THE SECRETARIAT  
2009 DEC 14 AM 8 28

December 11, 2009

Mr. David Stawick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

**RE: CME Short Term Interest Rate Market Maker Programs  
CME Submission No. 09-294**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME" or "the Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") of changes to market maker programs for CME short term interest rate products. All such changes shall take effect January 1, 2010 and are as set forth in the following attached exhibits:

1. CME Three-Month Overnight Index Swap (OIS) Futures Market Making Program
2. CME Three-Month Overnight Index Swap (OIS) Options Market Making Program
3. CME Eurodollar Pack and Bundle Futures Market Making Program
4. CME Eurodollar Options Market Making Program

Additions to Program terms are underlined and deletions are overstruck.

CME certifies that these programs comply with the Commodity Exchange Act and the regulations thereunder.

If you require any additional information regarding these programs, please contact James Boudreault at 312-930-3247 or via e-mail at [james.boudreault@cmegroup.com](mailto:james.boudreault@cmegroup.com), Frederick Sturm at 312-930-1282 or via e-mail at [frederick.sturm@cmegroup.com](mailto:frederick.sturm@cmegroup.com), or contact me at 312-648-5422. Please reference our CME Submission No. 09-294 in any related correspondence.

Sincerely,

/s/ Stephen M. Szarmack  
Director and Associate General Counsel

Attachments

## Exhibit 1

### Three-Month Overnight Index Swap (OIS) Futures Market Making Program

#### I. Original Terms

##### Eligible Participants

CBOT or CME Trading Firms or Members. Up to 15 participants shall be allowed in the Program.

##### Program Term

Start date is November 24, 2008. End date is December 31, 2009.

##### Obligations

Provide two-sided markets on the Globex electronic trading platform in at least three (3) different contract delivery months (either outright or via spreads) in 3-Month OIS futures during at least 75 percent of contracted market making hours.

##### Incentives

- Clearing and Globex fee waivers
- A fee credit of \$0.10 for each OIS futures contract side traded electronically in a registered market maker account. For any registered market maker account, such fee credit shall be capped at \$15,000 per month.

##### Monitoring and Termination of Status

Program participants shall be ranked quarterly on the basis of the speed of their responses, the width of their bid-offered price spreads, the sizes of their bids and offers, and persistence of their quoting during a two minute period. The Exchange shall monitor market making activity and shall retain the right to revoke a Program participant's status if it concludes from its review that a Program participant is not complying with Program obligations.

#### II. Program Modifications

##### Eligible Participants

CBOT or CME Trading Firms or Members. Eligibility for participation shall extend to CBOT or CME Trading Firms or Members, of any membership category, and to any non-member customer. Up to 15 participants shall be allowed in the Program.

##### Program Term

End date is December 31, 2010

##### Incentives

- Clearing and Globex fee waivers
- A fee credit of \$0.10 for each OIS futures contract side traded electronically in a registered market maker account.

**Exhibit 2**  
**Three-Month Overnight Index Swap (OIS) Options Market Making Program**

**I. Original Terms**

**Eligible Participants**

CBOT or CME Trading Firms or Members. Up to 10 participants will be allowed in the Program

**Program Term**

Start date is November 24, 2008. End date is December 31, 2009.

**Obligations**

- Respond to at least 75 percent of all Requests for Quote (RFQs) during regular and extended trading hours.
- Provide two-sided markets on the Globex electronic trading platform in at least 3 different expiry months (either outright or via spreads) in options on 3-Month OIS futures. Bid-offered price spreads and quote sizes at bids and offers are as follows:

**OIS Outrights**

Contract	Bid/Ask Spread	Qty
Q1	1.0	100
Q2	1.5	100
Q3	2.0	100
Q4	2.5	100
Q5-8	3.0	100

**OIS Calendar Spreads**

Contract	Bid/Ask Spread	Qty
Q1-Q2	1.0	100
Q1-Q3	1.5	100
Q1-Q4	2.0	100

**Incentives**

- OIS Option Globex fee waiver for the first 6 months
- Program participant incentives depend upon Participants' quarterly rankings --

Ranks 1 through 3: Globex fee waiver plus order flow allocation

Ranks 4 through 6: Globex fee waiver

Ranks 7 through 10: Globex fee rebate equal to \$0.10 per contract side

**Monitoring and Termination of Status**

Market makers shall be ranked quarterly on the basis of the speed of their responses, the width of their bid-offered price spreads, the sizes of their bids and offers, and persistence of their quoting during a two minute period. The Exchange shall monitor market making activity and shall retain the right to revoke a Program participant's status if it concludes from its review that a Program participant is not complying with Program obligations.

## II. Program Modifications

### Program Term

End date is December 31, 2010

### Obligations

- Provide two-sided markets on the Globex electronic trading platform in at least 3 different expiry months (either outright or via spreads) in options on 3-Month OIS futures. Bid-offered price spreads and quote sizes at bids and offers are as follows:

#### OIS Outrights

<u>Contract</u>	<u>Bid/Ask Spread</u>	<u>Qty</u>
Q1	1.0	100
Q2	1.5	100
Q3	2.0	100
Q4	2.5	100
Q5-8	3.0	100

#### OIS Calendar Spreads

<u>Contract</u>	<u>Bid/Ask Spread</u>	<u>Qty</u>
Q1-Q2	-1.0	100
Q1-Q3	-1.5	100
Q1-Q4	-2.0	100

**Exhibit 3**  
**Eurodollar Packs and Bundles Market Making Program**

**I. Original Terms**

**Eligible Participants**

CBOT or CME Trading Firms or Members. Up to 18 participants will be allowed in the Program.

**Program Term**

Start date is February 2005. End date is December 31, 2009.

**Obligations**

- Post continuous, two-sided markets in a subset of the first five (5) actively traded Pack and/or 2-Year, 3-Year, 4-Year, and/or 5-year Bundles, at contracted bid-offered price spreads and in contracted sizes, during at least 75 percent of contracted hours under normal market conditions.
- Respond to Requests for Quote (RFQs) involving outright transactions in, or spreads that include, such Pack(s) or Bundle(s) as the Program participant is responsible for quoting. Bid-offered price spreads and quote sizes at bids and offers are as follows:

<b>Bundles</b>	<b>Bid/Ask</b>	<b>Qty</b>
3-Year	1.0	40
4-Year	2.0	20
5-Year	2.0	25
5-Year Mini	2.0	250

<b>Packs</b>	<b>Bid/Ask</b>	<b>Qty</b>
Green	1.0	40
Blue	2.5	25
Gold	2.5	25
Blue or Gold Outrights	1.0	25
Pack Spreads	1.0	50

**Incentives**

- Globex fees shall be waived for Program participants who meet Program obligations for a period of 24 months beginning in January 2005.
- Program participants who perform at a superior level shall be awarded order flow allocations in specific Packs and/or Bundles, as determined solely at the discretion of the Exchange. The total of any such order flow allocations shall not exceed 10 percent of total order flow in the corresponding Pack or Bundle.
- Reduced or waived block trade fees.

**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.

## II. Program Modifications

### Eligible Participants

Up to 48 20 participants will be allowed in the Program.

### Program Term

End date is December 31, 2010

### Obligations

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

- (1) Any Pack constituted of Eurodollar futures contracts with deferred delivery months in the Green year or later.
  - (2) Any Bundle for which at least one constituent Eurodollar futures contract has deferred delivery month in the Green year or later.
  - (3) Pack Spreads, Pack Butterflies, and/or other Pack combinations for which all component Packs meet Criterion (1).
  - (4) Bundle-Pack Spreads and/or other Bundle-Pack combinations for which all component Packs meet Criterion (1) and all component Bundles meet Criterion (2).
- ~~Post continuous, two-sided markets in a subset of the first five (5) actively traded Packs and/or 2-Year, 3-Year, 4-Year, and/or 5-Year Bundles at contracted bid-offered price spreads and in contracted sizes, during at least 75 percent of contracted hours under normal market conditions.~~
  - ~~Respond to Requests for Quotes (RFQs) involving outright transactions in, or spreads that include, such Pack(s) or Bundle(s) as the Program participant is responsible for quoting. Bid-offered price spreads and quote sizes at bids and offers are as follows:~~

<b>Bundles</b>	<b>Bid/Ask</b>	<b>Qty</b>
3-Year	1.0	40
4-Year	2.0	20
5-Year	2.0	25
5-Year-Mini	2.0	250

<b>Packs</b>	<b>Bid/Ask</b>	<b>Qty</b>
Green	1.0	40
Blue	2.5	25
Gold	2.5	25
Blue or Gold-Outrights	1.0	25
Pack Spreads	1.0	50

### Incentives

Upon satisfying all Program obligations, as determined by the Exchange, each Program participant 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 delivery month, traded in a registered market making account during a given calendar month, such account shall receive a fee credit for a multiple of the number of such Eurodollar futures contracts traded.

Such fee credit shall be on the basis of \$0.10 per contract. The multiplier that shall apply in the determination of the fee credit amount shall be set as follows:

<u>Year Bracket of Contract Delivery Month</u>	<u>Fee Credit Multiplier</u>	<u>Fee Credit per Contract</u>
White and Red	1	\$0.10
Green through Gold	20	\$2.00
Purple through Copper	30	\$3.00

Additionally, for any Program participant who is a registered participant in either the Exchange's European Incentive Program (EIP) or the Exchange's Electronic Corporate Membership (ECM) Volume Incentive program, exchange fees shall be reduced from \$0.44 to \$0.22 per contract traded in the corresponding registered market maker account.

- ~~Globex fee waiver for market makers who meet program criteria for a period of 24 months beginning in January 2005.~~
- ~~Award market makers who perform at a superior level, as determined by CME, with an order flow allocation for specific Packs/Bundles. The total order flow allocation would not exceed 10 percent.~~
- ~~Reduced or waived block fees for market makers.~~

**Exhibit 4**  
**Eurodollar Options Market Making Program**

**I. Original Terms**

**Product Scope**

All Eurodollar options, including (without limitation to the foregoing) standard quarterly expiries, Mid-Curve Options, Treasury Matched Mid-Curve Options, and Calendar Spread Options.

**Eligible Participants**

CME Trading Firms or Members. Up to 20 participants will be allowed in the Program.

**Program Term**

Start date is First Quarter of 2004. End date is December 31, 2009.

**Obligations**

Respond to Requests for Quote (RFQs) on the Globex electronic trading platform, both for outright purchases or sales of options and for option strategies.

Program hours are 01:00 to 16:00 Chicago time for the five (5) most highly ranked Program participants, and 07:00 to 16:00 Chicago time for Program participants with ranks 6 through 20.

**Incentives**

- All participants shall be entitled to use of mass quote messaging and Globex market maker protections.
- The following incentives will be awarded in accord with quarterly evaluation and ranking of Program participants --

Program participants with ranks 1 through 5:

Receive order flow allocation, plus Globex fee waiver equal to \$0.15 per contract side traded.

Program participants with ranks 6 through 10:

Globex fee waiver equal to \$0.15 per contract side traded.

Program participants with ranks 11 through 15:

Globex fee waiver equal to \$0.05 per contract side traded.

**Monitoring and Termination of Status**

The Exchange shall evaluate and rank the performance of Program participants quarterly on the basis of the speed of their responses, the width of their bid-offered price spreads, the sizes of their bids and offers, and the persistence of their quoting during a two minute period.

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.



## II. Program Modifications

### Program Term

End date is December 31, 2010

### Incentives

Program participants with ranks 1 through 5:

Receive order flow allocation, plus Globex fee waiver equal to \$0.15 per contract side traded.

All order flow allocations shall be at the sole discretion of the Exchange.

### Monitoring and Termination of Status

The Exchange shall evaluate and rank the performance of Program participants quarterly, on the basis of the speed of their responses, the width of their bid-offered price spreads, the sizes of their bids and offers, and the persistence of their quoting during a two minute period. For any Program participant:

80 percent of such performance evaluation shall be on the basis of said Participant's speed of response to RFQs, width of bid-offered price spreads, size of bids and offers, and persistence of quoting during a two minute period.

The remaining 20 percent of such performance evaluation shall be on the basis of said Program participant's trading volume.

The Exchange shall have sole responsibility for the determination of all such performance evaluations and rankings.