

C.F.T.C.  
OFFICE OF THE SECRETARIAT  
2010 DEC 21 PM 2 25



December 17, 2010

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

**RE: CME Interest Rate Market Maker Program Modifications  
CME Submission No. 10-380**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") of modifications to the following market maker programs for CME interest rate products:

1. CME Eurodollar Pack and Bundle Futures Market Making Program
2. CME Eurodollar Options Market Making Program

The modifications are attached, with additions underscored and deletions lined-out. The changes will be effective on January 1, 2011.

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

If you require any additional information regarding this submission, please contact James Boudreault at 312-930-3247 or via e-mail at [james.boudreault@cmegroup.com](mailto:james.boudreault@cmegroup.com), Suzanne Spain at 312-338-3651 or via e-mail at [suzanne.spain@cmegroup.com](mailto:suzanne.spain@cmegroup.com), David Reif at 312-648-3839 or via email at [david.reif@cmegroup.com](mailto:david.reif@cmegroup.com), or contact me at 212-299-2200. Please reference our CME Submission No. 10-380 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Attachments

**Exhibit 1**  
**Eurodollar Packs and Bundles Market Making Program**

**I. Current Terms (Until December 31, 2010)**

**Eligible Participants**

Up to 20 participants will be allowed in the Program.

**Program Term**

Start date is February 2005. 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).

**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:

<b>Year Bracket of Contract Delivery Month</b>	<b>Fee Credit Multiplier</b>	<b>Fee Credit per Contract</b>
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.

**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 20 participants will be allowed in the Program.

### Program Term

Start date is February 2005. End date is ~~December 31, 2010~~ December 31, 2011.

### 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, Pack Butterfly or Pack Spread or Bundle or Pack-combinations, where each such Pack, Bundle, Pack Butterfly or Pack Spread ~~Bundle or Pack~~ combination must meet at least one of the following criteria:

(1) Any Pack constituted of Eurodollar futures ~~contracts whose front leg is in the~~ with ~~deferred delivery months in the~~ Green (third) year or later.

(2) Any Bundle ~~for which at least one constituent constituted of Eurodollar future contract has deferred delivery month~~ whose front leg is in the Green (third) year or later.

(3) ~~Pack Spreads, Pack Butterfly Butterflies, and/or other Pack~~ constituted of Eurodollar future contracts whose combinations ~~for which all component Packs meet Criterion (1)~~ front leg is in the Green (third) year or later.

(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)~~ constituted of Eurodollar future contracts whose front leg is in the Green (third) leg or later.

### 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:

<b>Year Bracket of Contract Delivery Month</b>	<b>Fee Credit Multiplier</b>	<b>Fee Credit per Contract</b>
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.

### 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.

**Exhibit 2**  
**Eurodollar Options Market Making Program**

**I. Current Terms (Until December 31, 2010)**

**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, 2010.

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

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. 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. The Exchange 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

### 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, 2010.~~ December 31, 2011.

### 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 during RTH and ETH.

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

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. 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 electronic trading volume.

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