



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

December 6, 2011

**VIA E-MAIL**

Mr. David Stawick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**RE: Modifications to the CBOT Market Maker Program for 30-Day Federal Fund Options. CBOT Submission No. 11-478**

Dear Mr. Stawick:

Board of Trade of the City of Chicago, Inc. ("CBOT" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") of modifications to an existing Market Making Program for certain CBOT 30-Day Federal Fund options contracts that are traded on Globex® ("Program"). The modifications to the proposed Program will become effective on January 1, 2012.

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

CBOT business staff responsible for the Program and the CBOT legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodities Exchange Act ("CEA"). During the review, CBOT 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 CBOT 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 CBOT rules. The Program is subject to the Exchange's record retention policies which comply with the CEA.

CBOT certifies that the Program and the modifications to the Program comply with the Commodity Exchange Act 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](mailto:robert.lev@cmegroup.com), or contact me at 212-299-2200. Please reference our CBOT Submission No. **11-478** in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Attachments

# **EXHIBIT 1**

## **Market Maker Program for 30-Day Federal Fund Options**

### **Program Purpose.**

This Program and the modifications below address the need to provide electronic liquidity to our global client base. The purpose for the modification below is to attract additional market makers into the Program. A more liquid contract benefits all participants in the market.

### **Product Scope**

30-Day Federal Fund Options traded on Globex® (“Products”).

### **Eligible Participants**

~~Individual Members, Equity Members, Trading Members, or Electronic Corporate Members of the Exchange.~~ All CBOT member and non-members that have a relationship with a clearing member firm and can meet CBOT established quoting requirements, including the ability to stream quotes in outright options and strategies may qualify for the Program.

### **Program Term**

Start date is January 27, 2008. End date is ~~December 31, 2014~~ December 31, 2012.

### **Hours**

Extended and Regular Trading Hours (ETH and RTH).

### **Obligations**

#### **Quoting Requirements:**

Program participants must respond to Requests for Quotes (RFQs) for outright purchases and sales of, and for all strategies in, 30-Day Federal Funds Options on Globex®. Participants are also required to have the ability to respond to at least 75% of RFQ's in multi-legged options strategies. Participants are ranked quarterly based upon the speed of their responses, the width of their bid/ask spreads, the size of their bids and offers, and persistence of their quote during a two minute period. Required products are Fed Funds Options (OZQ), 6-Month Fed Fund Mid Curve (ZQ6), and 1 year Fed Fund Mid Curve (ZQ1).

#### **Program Incentives:**

Clearing and Globex fee rebates. The ten (10) highest ranking participants for each trading-hour interval (RTH, ETH) shall each receive a monthly Exchange fee rebate equal to \$0.10 per contract traded in the Products. Such Exchange fee rebate shall be capped at \$10,000.00 per calendar month per registered market maker account.

All Program participants shall receive use of mass quote messaging and Globex market maker protections.

#### **Monitoring and Termination of Status**

The Exchanges 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.