CME Group

May 23, 2011

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

Re: Regulation 40.5. Request for Commission Rule Approval of Amendments to CME Rules 5502.E. and 55A01.F., Position Limits. CME Submission No. 11-208

Dear Mr. Stawick:

I. SUBMISSION

In accordance with Regulation §40.4, Chicago Mercantile Exchange Group ("Exchange") hereby requests review and approval, under the provisions of Regulation §40.5, of amendments to Class IV Milk Futures Rule 5502.E and Options on Class IV Milk Futures Rule 55A01.F.

II. TEXT OF PROPOSED RULE CHANGES

The text of the proposed rule amendments is given below. Deletions are overstruck, additions are underlined.

Chapter 55
Class IV Milk Futures

(Prior Rule Language Unchanged)

5502.E. Position Limits
No person shall own or control more than:
[~~1.~~] 1000 contracts long or short in any contract month[~~;~~].
[~~2.~~] [~~250 contracts long or short in the expiring contract month as of the close of business on the business day immediately preceding the first business day of the contract month~~].
For positions involving options on the Class IV Milk futures, this rule is superseded by the option speculative position limit rule.

(Remainder of Rule Unchanged)

Chapter 55A
Options on Class IV Milk Futures

(Prior Rule Language Unchanged)

55A01.F. Position Limits
No person shall own or control a combination of options and underlying futures that exceeds:

[~~1.~~] 1000 futures equivalent contracts net on the same side of the market in any contract month[~~;~~]<u>.</u>

[~~2.~~] [~~250 futures equivalent contracts net on the same side of the market in the expiring contract month as of the close of business on the business day immediately preceding the first business day of the contract month.~~]

For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.

(Remainder of Rule Unchanged)

III. EFFECTIVE DATE AND RULE PROMULGATING AUTHORITY

The Exchange, pursuant to Rule 230.j., approved these proposed amendments on May 20, 2011. The amendments will become effective for all contract months after Commission approval.

IV. OPERATION, PURPOSE AND EFFECT OF THE PROPOSED AMENDMENTS

The amendments increase the spot month position limit to1000 contracts, and remove the monthly position limit come-down for Class IV Milk Futures and Options.

The production of Class IV Milk is reported by the Market Information Branch in Dairy Programs under supervision of the Agricultural Marketing Service, U.S. Department of Agriculture. This production, when converted to 200,000-pound contract equivalents, has been substantially over the requested 1000 contract range on a monthly basis. This production volume is more than sufficient to remove any economic incentive for manipulation and allow the removal of the come-down in the spot month. This will also allow commercial users to maintain hedges through final expiration, and eliminate the need to liquidate positions at a time when market liquidity may be limited. The Exchange is requesting Commission approval of these rule changes under Regulation 40.5.

Data will be supplied to CFTC staff under separate cover in an Excel spreadsheet format.

V. OPPOSING VIEWS

There were no substantive opposing views to the proposed amendments.

VI. APPLICATION OF THE ACT AND REGULATIONS

There does not appear to be any need for amendment or interpretation of the Act and Regulations in order to approve the proposed amendments.

VII. CONFIDENTIAL TREATMENT

Confidential treatment is not requested for this submission.

If you require any additional information regarding this action, please do not hesitate to contact Mr. Charles Piszczor at 312-930-4536 or via e-mail at charles.piszczor@cmegroup.com or me at 212-299-2207. We would be appreciative if you could reference our CME Submission No.11-208 in any related correspondence.

Sincerely,

/s/ Felix Khalatnikov
Director and Associate General Counsel

CME Group

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/s/ Felix Khalatnikov
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