US FUTURES EXCHANGE

September 11, 2008

David Stawick
Secretary
Commodity Futures Trading Commission
1155 21st Street, N.W.
Washington, D.C. 20581

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Re: <u>U.S. Futures Exchange, LLC ("USFE") Maker-Taker Pricing</u>

Dear Mr. Stawick:

With this filing, U.S. Futures Exchange, LLC ("USFE" or the "Exchange") intends to introduce a new pricing model. The purpose of this letter is to outline the pricing model. Additionally, USFE certifies that the proposed pricing model complies with the Commodity Exchange Act and regulations thereunder.

USFE is introducing a pricing model that will differentiate between members that provide liquidity in the form of entering resting orders into the order book ("Liquidity Makers" or just "Makers") and those traders that lift resting orders ("Liquidity Takers" or just "Takers"). The Exchange will refer to this pricing model as Maker-Taker Pricing.

USFE is implementing Maker-Taker Pricing to incentivize the posting of quotes and resting orders in its market, activity that creates liquidity. Market makers and proprietary-trading members that engage in such activity are referred to as Liquidity Makers. USFE will either make a per contract payment or charge a reduced transaction fee for the executed resting orders of Liquidity Makers. At its discretion, USFE may grant its market makers greater benefits than proprietary-trading members for Maker activity. Liquidity Takers, or those that choose to lift resting orders, will be charged more than Makers or simply will not be entitled to a payment.[1]

The Maker-Taker Pricing model was first developed in the equity markets by Island and is now used by several equity markets, including NYSE Arca Options and Boston Options Exchange. This model runs counter to the customer-priority model adopted by other equity markets, in which customer order flow is incentivized and market makers and proprietary traders are charged for transactions.[2] It is believed that USFE will be the first DCM to initiate the Maker-Taker Pricing model.

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[1] The payments referred to herein will be small per contract payments that the Exchange does not foresee will exceed $1.00/contract.

[2] Sherree DeCovny, *Balancing the Options: Customer Priority Versus Maker-Taker in the U.S. Equity Options Markets,* Futures Industry, 28 March/April, 2008.

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USFE will set the transaction fees and payments for Makers and Takers as it sees fit for each of its markets. Each category or class of trader, whether market maker, proprietary, or customer, will be charged the same fees or be entitled to the same rebates. Such fees and payments will be adjusted by the Exchange from time to time, at its discretion and with appropriate notice. Appropriate notice will include the sending of an electronic circular to members and vendors and the publishing of such circulars on its website at www.usfe.com. By no means will USFE impose transaction fees that exceed $1.00, thus nullifying the requirement to self-certify the fee pursuant to CFTC Rule 40.6(c)(3)(ii)(E).

Of course, not only will fees be charged. Payments may be made to Takers which are an incentive. Additionally, while both designated market makers and member firms trading for their own account may benefit from Maker-type activity, USFE, at its discretion, may choose to reward market makers with a greater benefit. In all cases, however, only members will be entitled to Maker-Taker Pricing and the payments will be filed with the CFTC and published since they are an incentive.

It should be noted that all customer orders, whether Maker or Taker by nature, will be subject to a higher transaction fee.

It is for these reasons that USFE certifies that the Maker-Taker Pricing model complies with the Commodity Exchange Act and regulations thereunder.

Please let us know if you have any comments or questions on the Maker-Taker Pricing model. You can reach me at (312) 356-3869.

Best regards,

Matt Lisle
Chief of Compliance

U.S. Futures Exchange Introduces New Pricing Model: "Maker-Taker" Pricing.

USFE is the first, CFTC-regulated futures exchange to implement the innovative "maker-taker" pricing model. Designed to increase liquidity and tighten bid/ask spreads, USFE's fees will now be based on market behavior. The maker-taker pricing model offers discounts and rebates to suppliers of liquidity, i.e. "liquidity makers". Regular exchange fees are charged to "liquidity takers". Both makers and takers will enjoy volume monthly discounts.

The maker-taker pricing model will be rolled out in conjunction with the launch of the mini$ DAX® futures contract on October 1, 2008. Special introductory pricing will be in effect until the end of the year. Mini$ DAX® price makers will receive $0.25 for each contract and liquidity takers will enjoy a fee waiver. Stage 2 pricing begins January 1, 2009. For more detailed information on mini$ DAX® pricing, please see the table below.

The maker-taker pricing model will also be applied to USFE's SENSEX contract at the end of the current fee waiver, January 1, 2009. All future USFE products will adopt the maker-taker pricing model upon the launch of the product.

USFE mini$ DAX® Future							
		[illegible]					
		0 - 20k		20k - 60k		60k+	
		[illegible]	Taker	[illegible]	Taker	[illegible]	Taker
Market Maker*	Introductory	-$0.25	$0.00	-$0.25	$0.00	-$0.25	$0.00
Market Maker*	Stage 2	-$0.15	$0.00	-$0.20	$0.00*	-$0.25	$0.00*
Principal	Introductory	-$0.25	$0.00	-$0.25	$0.00	-$0.25	$0.00
Principal	Stage 2	-$0.05	$0.20	-$0.10	$0.15	-$0.15	$0.10
Agency	Introductory	$0.48	$0.48	$0.48	$0.48	$0.48	$0.48
Agency	Stage 2	$0.85	$0.85	$0.85	$0.85	$0.85	$0.85
* MM pricing depending on fulfillment of quoting obligations							
** Introductory pricing: October 1, 2008 - December 31, 2008 Stage 2 Pricing: January 1, 2009 -							

EFP/EFS	$0.95
Block Trade	$0.95