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Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

November 14, 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 2-Year, 5-Year and 10-Year On-The-Run Treasury Futures  
CBOT Submission No. 11-415**

Dear Mr. Stawick:

Chicago Board of Trade, Inc. ("CBOT" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") of modifications to an existing Market Making Program for certain CBOT 2-Year, 5-Year, and 10-Year On-The-Run ("OTR") Treasury futures 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 CME 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 under the Program 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.

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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. 11-415 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Attachments

# EXHIBIT 1

## Market Maker Program for CBOT 2-Year, 5-Year, and 10-Year On-The-Run Treasury Futures

### Program Purpose.

The purpose of this Program is to incent market makers to provide enhanced liquidity in the products listed below. The purpose for the modification is to attract additional market makers into the Program. A more liquid contract benefits all participants in the market.

### Product Scope

CBOT 2-Year, 5-Year, and 10-Year OTR Treasury Futures traded on Globex® ("Products")

### Eligible Participants

~~Any Individual Member, Equity Member, Trading Member, or Electronic Corporate Member of the Exchange, or any participant in the Exchange's International Incentive Program. Program is available to both member and non-member customers.~~

~~Up to six (6) ten (10) participants shall be admitted to the Program. First Tier of the Program. Up to an additional five (5) participants shall be admitted to the Second Tier of the Program.~~

Potential participants are required to submit an application/bid sheet to the Exchange which is used to determine eligibility. CBOT staff will use a variety of factors in determining whether or not a prospective market maker is selected to participate in the Program including, but not limited to, their ability to commit to and maintain at least the required quoting obligations and the potential participant's historical volume and experience trading in the Products.

### Program Term

The Program shall take effect on October 25, 2010, and shall remain in effect through ~~December 31, 2012~~ March 31, 2012.

### Hours

7:00 a.m. – 4:00 p.m. Chicago Time.

### Obligations

#### Quoting Requirements:

Program participants must quote two-sided markets on the Globex electronic trading platform in accordance with the following:

- 1) On an outright basis, the nearby delivery months in 2-Year, 5-Year, and 10-Year OTR Treasury futures, at contracted bid-offered price spreads and at contracted bid and offered depth, and
- 2) During contract roll periods, the calendar spreads between the nearby and the first deferred delivery months in 2-Year, 5-Year, and 10-Year OTR Treasury futures, at contracted bid-offered price spreads and at contracted bid and offered depth.

**Program Incentives:**

Upon satisfying all Program obligations, as determined by the Exchange, each Program participant shall be eligible for:

*Fee waivers (Tier 1 and Tier 2 Participants)*

Any Program participant shall be eligible for fee waivers comprising exchange fees and clearing fees arising from a participant's transactions in 2-Year, 5-Year, and 10-Year OTR Treasury futures.

~~Fee waivers shall remain in effect for the duration of the Program.~~

*Fee credits (Tier 1 Participants Only)*

Each Program participant shall be eligible for a monthly fee credit based on the number of 2-Year, 5-Year, and 10-Year OTR Treasury futures that the Program participant has traded in accordance with the following:

For any given calendar month, each registered market making account shall receive a fee credit equal to a multiple of the number of 2-Year, 5-Year, and 10-Year OTR Treasury futures contract sides traded in that account during the applicable calendar month. The fee credit will be \$0.11 per contract traded by the participant times the applicable progressive tiered multiplier as set out in the table below:

Cumulative average daily trading volume in 2-Year, 5-Year, and 10-Year OTR Treasury futures	Multiplier per OTR Treasury futures contract side traded in a registered market maker account
0 to 10,000	6 \$0.66
10,001 to 25,000	4 \$0.44
Over 25,000	2 \$0.22

*Stipends (Tier 1 Participants Only)*

~~For the first calendar year of agreement Market makers will receive a monthly stipend of \$5,000.~~

**Restrictions**

Program participants may not include their 2-Year, 5-Year, and 10-Year OTR Treasury futures trading volume in the determination of non-member executor average daily trading volume for the purpose of his or her participation in the "CBOT Volume Discount – U.S. Treasury" program.

**Monitoring of Performance and Termination of Status**

~~The Exchange shall be solely responsible for (1) monitoring of Program participants' compliance with Program obligations and (2) calculation of monthly fee waivers and fee credits.~~

The Exchanges will monitor trading activity and participants' performance and may revoke a Program participant's 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.