



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

December 5, 2013

VIA E-MAIL

Ms. Melissa Jurgens
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 Long-Term U.S. Treasury Bond Futures
CBOT Submission No. 13-467**

Dear Ms. Jurgens:

Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") of modifications to an existing market making program in support of certain Long-Term U.S. Treasury Bond futures contracts that are traded on Globex® ("Program"). The modifications to the Program will become effective on January 2, 2014.

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

CBOT reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity 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 monitor trading in 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 CEA 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 Tim Elliott at 312-466-7478 or via e-mail at tim.elliott@cmegroup.com, or contact me at 212-299-2200. Please reference our CBOT Submission No. 13-467 in any related correspondence.

Sincerely,

/s/ Christopher K. Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

Market Maker Program for CBOT Long-Term U.S. Treasury Bond Futures

Program Purpose

The purpose of the Program and the Program modifications is to incent market makers to enhance liquidity in the products listed below. The purpose for the modification below is to ~~attract additional market makers into the Program~~ further enhance the ability of the Program to increase liquidity provision. A more liquid contract benefits all participants in the market.

Product Scope

CBOT Long-Term U.S. Treasury Bond futures traded on Globex® (“Products”).

Eligible Participants

The Program is available to ~~members both member and non-member customers~~. Up to ~~ten (10)~~ seven (7) participants shall be admitted to the Program. ~~Up to five (5) participants shall be selected for tier 1.~~ Prospective New participants are required to submit a Bid Sheet to the Exchange which is used to determine eligibility and the appropriate tier level. Exchange staff will use a variety of factors in determining whether or not a prospective market maker is selected to participate in the Program and the appropriate tier level, including past performance in Long-Term U.S. Treasury Bond futures, the ability to commit to and maintain at least the required quoting obligations including stronger quoting requirements for tier 1, and the ability to meet certain average daily volume requirements in the Products. Notwithstanding the foregoing, the Exchange may, from time to time, add to or subtract from the factors listed above as it deems necessary.

Program Term

Start date is January 10, 2010. End date is ~~December 31, 2013~~ December 31, 2014.

Hours

Contracted hours during RTH, ETH and/or ATH.

Obligations

Quoting Requirements:

Program participants must quote in Long-Term U.S. Treasury Bond futures, at contracted bid-offered price spreads and in contracted bid-offered depth, on the Globex® electronic trading platform.

- i) ~~On an outright basis, the nearby delivery months in the March quarterly expiration cycle in Long-Term U.S. Treasury Bond futures, at contracted bid-offered price spreads and in contracted bid-offered depth.~~
- ii) ~~During quarterly roll periods, the calendar spreads between the nearby and the first deferred delivery months in the March quarterly expiration cycle in Long-Term U.S.~~

~~Treasury Bond futures at contracted bid-offered price spreads and in contracted bid-offered depth.~~

Program Incentives

Tier 1 Incentives. ~~Tier 1~~ Participants that meet their Tier 1 obligations in a given month, as determined by the Exchange, shall be eligible to receive predetermined Tier 1 incentives that month, including fee waivers and fee credits.

Tier 2 Incentives. Participants that meet Tier 2 obligations in a given month, as determined by the Exchange, shall be eligible to receive predetermined Tier 2 incentives that month, including fee waivers and fee credits.

- ~~1. *Fee waivers:* Waiver of CBOT electronic transaction fee and clearing fee for all Product contracts traded in the designated market making account(s) for duration of agreement.~~
- ~~2. *Fee credits:* Upon satisfying all Program obligations, as determined by the Exchange, each Program participant shall be eligible for a monthly fee credit based on the number of Long-Term U.S. Treasury Bond futures that such Program participant has traded.~~

Passive Volume Requirement: Participants that meet quoting obligations of a given Tier but fail to meet a specified minimum passive volume percentage shall only be eligible to receive the fee waiver component of the applicable incentives.

Non-Roll Months:

~~During the calendar months of January, March, April, June, July, September, October and December (non-roll months), each registered market making account shall receive a fee credit equal to (i) \$0.11 for each non-passive trade made by the applicable market maker in Long-Term U.S. Treasury Bond futures contracts, and (ii) \$0.11 times a multiple of the number of passive trades made in Long-Term U.S. Treasury Bond futures contracts in that account during such month. For an applicable calendar month, the multiplier that shall apply in the determination of that month's passive volume fee credit amount shall be set with reference to the aggregate number of Long-Term U.S. Treasury Bond futures contracts traded during the same calendar month:~~

Average daily trading volume in Long-Term U.S. Treasury Bond futures	Passive Volume Multiplier per Long-Term U.S. Treasury Bond futures contract side traded (Passive Volume Only) in a registered market maker account
0 to 75,000	2
75,001 to 100,000	3
Over 100,001	4

Roll Months:

~~During the calendar months of February, May, August and November (roll months), each registered market making account shall receive a fee credit equal to (i) \$0.11 for each non-passive trade made by the applicable market maker in Long-Term U.S. Treasury Bond futures contracts, and (ii) \$0.11 times a multiple of the number of passive trades made in Long-Term U.S. Treasury Bond futures contracts in that~~

account during such month. For an applicable calendar month, the multiplier that shall apply in the determination of that month's passive volume fee credit amount shall be set with reference to the aggregate number of Long-Term U.S. Treasury Bond futures contracts traded during the same calendar month:

Average daily trading volume in Long-Term U.S. Treasury Bond futures	Passive Volume Multiplier per Long-Term U.S. Treasury Bond futures contract side traded (Passive Volume Only) in a registered market maker account
0 to 110,000	2
110,001 to 150,000	3
Over 150,001	4

Restrictions

A Program participant shall not be eligible to include his or her Long-Term U.S. Treasury Bond futures trading volume in the determination of non-member average daily trading volume for the purpose of his or her participation in the "CBOT Volume Discount – U.S. Treasury" program.

Monitoring and Termination of Status

The Exchange 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.