



C.F.T.C.  
OFFICE OF THE SECRETARIAT  
2009 DEC 14 AM 9 43

December 11, 2009

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

**RE:           CBOT Market Maker Program for Long-Term  
              U.S. Treasury Bond Futures  
              CBOT Submission No. 09-297**

Dear Mr. Stawick:

The Chicago Board of Trade, Inc. ("CBOT" or "Exchange") hereby informs the Commodity Futures Trading Commission that it plans to implement a Market Maker Program in support of Long-Term U.S. Treasury Bond futures. The Exchange self-certified the terms and conditions of Long-Term U.S. Treasury Bond futures on September 21, 2009 (CBOT Submission 09-177), and it intends to list these contracts for trading on January 10, 2010 (for trade date January 11, 2010).

Attachment 1 sets forth the terms of this Market Maker Program. Attachment 2 displays the application form with which any Program candidate shall establish his or her suitability for participation in the Program and shall declare the quality of markets that he or she will quote in fulfillment of Program obligations.

CBOT certifies that this Program complies with the Commodity Exchange Act and the regulations thereunder.

If you require any additional information regarding this submission, please contact Frederick Sturm at 312-930-1282 or via e-mail at [frederick.sturm@cmegroup.com](mailto:frederick.sturm@cmegroup.com), or contact me at 312-648-5422. Please reference CBOT Submission No. 09-297 in any related correspondence.

Sincerely,

/s/ Stephen M. Szarmack  
Director and Associate General Counsel

Attachments

## **Attachment 1 -- Long-Term U.S. Treasury Bond Futures Market Maker Program**

### **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. Up to seven (7) participants shall be admitted to the Program.

### **Program Duration**

Start date is January 10, 2010. End date is December 31, 2011.

### **Obligations**

Program participants must quote on the Globex electronic trading platform:

On an outright basis, the nearby delivery months in the March-quarterly expiration cycle in both Long-Term U.S. Treasury Bond futures and conventional U.S. Treasury Bond futures, at contracted bid-offered price spreads and in contracted bid-offered depth.

During quarterly roll periods, the calendar spreads between the nearby and the first deferred delivery months in the March-quarterly expiration cycle in both Long-Term U.S. Treasury Bond futures and conventional U.S. Treasury Bond futures, at contracted bid-offered price spreads and in contracted bid-offered depth.

### **Incentives**

#### **Fee waivers**

Fee waivers payable to any Program participant shall comprise exchange fees, clearing fees, ex-pit surcharges, and exchange fees for non-trades (e.g., making or taking delivery) arising from said Program participant's transactions in Long-Term U.S. Treasury Bond futures.

Fee waivers shall remain in effect for the duration of the program and shall not be subject to renegotiation.

#### **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.

For any given calendar month, each registered market making account shall receive a fee credit equal to a multiple of the number of Long-Term U.S. Treasury Bond futures contract sides traded in that account during such month. Such fee credit shall be on the basis of \$0.11 per contract. For any given calendar month, the multiplier that shall apply in the determination of that month's 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	Multiplier per Long-Term U.S. Treasury Bond futures contract side traded in a registered market maker account
0 to 25,000	4
25,001 to 50,000	3
Over 50,000	2

**Renegotiation of incentives**

The Exchange shall reserve the right to renegotiate the foregoing schedule of fee credits if, during the first (January-March) quarter of 2011, the aggregate number of contract sides traded in Program participants' accounts exceeds 66.7 percent of the aggregate number of all contract sides traded, where "trading volume" and "aggregate number of sides traded" are defined solely in respect of Long-Term U.S. Treasury Bond futures contracts. Such renegotiation shall occur at the Exchange's discretion, but not prior to the second (April-June) quarter of 2011.

**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 of Performance**

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.

**Attachment 2 -- Market Maker Program Application**



**Long-Term U.S. Treasury Bond Futures  
Prospective Liquidity Provider Bid Sheet**

Firm Name: \_\_\_\_\_

Primary Contact: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

**Introduction**

CME Group will initiate a new Liquidity Provider Program for the electronic trading of Long-Term U.S. Treasury Bond futures contracts on Globex. The program will cover all outright and spread combinations listed. The purpose of this application is to solicit interest from candidates who wish to participate in the program.

Please respond fully to the following questions in order to communicate your intended commitment to showing electronic markets in Long-Term U.S. Treasury (Ultra) Bond and U.S. Treasury (30-Year) Bond futures contracts. Your answers to the attached questions will aid the Interest Rate team in the selection process for this program. For more information, please contact Suzanne Spain at (312) 338-2651 or Jonathan Kronstein (312) 930-3472.

**Timetable for Selection Process**

We must have your responses to this Bid Sheet by 5:00 pm CT on Friday, December 11, 2009. It is the intent of the IR Team to notify the designated market makers by Friday, December 18, 2009.

## Market Maker Applicant Bid Sheet

Please respond completely to the following questions:

1. Briefly describe your firm's experience with electronic market making (e.g., futures products traded, option products traded, monthly volumes traded in those products, years of electronic trading activity, etc.).

---

---

---

---

2. Briefly describe your firm's technology expertise and capability for supporting the Market Maker activities (e.g., development staff and experience, existing electronic trading infrastructure and experience in customer development and/or licensing from ISVs, etc.).

---

---

---

---

3. In order to participate in this program, we will require customers to post electronic markets in both the Long-Term U.S. Treasury (Ultra) Bond and the U.S. Treasury (30-Year) Bond futures contracts. We will also require participants to make markets in calendar spreads during the roll periods. Please indicate the bid/ask spreads and size of markets for which you would be willing to commit for this program.

---

---

---

4. During which time periods would you be willing to make markets:

North American Trading Day (7am-4pm, CT)  
 London Trading Day (12 am-7 am)  
 Asian Trading Day (5:30 pm-12am)

5. Please indicate your membership status (if any) at CME Group.

---

6. Please note any disciplinary or remedial action taken against any individual or organization named in this application other than action taken pursuant to an SRO minor rule violation regarding record-

keeping or decorum with fines of less than \$500. If any disciplinary or remedial action has been taken, describe in detail the circumstances surrounding each action and identify the issuing SRO or governmental agency. Also note and describe any warnings issued to any individual or organization named in this application related to a capital or operational problem, rules of trading procedure or evaluation of market quality and identify the issuing SRO or Governmental agency.

---

---

---

---