SUBMISSION COVER SHEET

***IMPORTANT*: Check box if Confidential Treatment is requested** ☐

Registered Entity Identifier Code (optional): 15-308 (2 of 4)

Organization: The Board of Trade of the City of Chicago, Inc. ("CBOT")

Filing as a: ☒ **DCM** ☐ **SEF** ☐ **DCO** ☐ **SDR**

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 07/09/15 Filing Description: Amendments to Rule 524 and Issuance of CME Group Market Regulation Advisory Notice RA1512-5

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

☒	Certification	§ 40.6(a)
☐	Approval	§ 40.5(a)
☐	Notification	§ 40.6(d)
☐	Advance Notice of SIDCO Rule Change	§ 40.10(a)
☐	SIDCO Emergency Rule Change	§ 40.10(h)

Rule Numbers: 524

New Product **Please note only ONE product per Submission.**

☐	Certification	§ 40.2(a)
☐	Certification Security Futures	§ 41.23(a)
☐	Certification Swap Class	§ 40.2(d)
☐	Approval	§ 40.3(a)
☐	Approval Security Futures	§ 41.23(b)
☐	Novel Derivative Product Notification	§ 40.12(a)
☐	Swap Submission	§ 39.5

Official Product Name:

Product Terms and Conditions (product related Rules and Rule Amendments)

☐	Certification	§ 40.6(a)
☐	Certification Made Available to Trade Determination	§ 40.6(a)
☐	Certification Security Futures	§ 41.24(a)
☐	Delisting (No Open Interest)	§ 40.6(a)
☐	Approval	§ 40.5(a)
☐	Approval Made Available to Trade Determination	§ 40.5(a)
☐	Approval Security Futures	§ 41.24(c)
☐	Approval Amendments to enumerated agricultural products	§ 40.4(a), § 40.5(a)
☐	"Non-Material Agricultural Rule Change"	§ 40.4(b)(5)
☐	Notification	§ 40.6(d)

Official Name(s) of Product(s) Affected:

Rule Numbers:

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

July 9, 2015

VIA ELECTRONIC PORTAL

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

RE: CFTC Regulation 40.6(a) Certification. Notification Regarding Amendments to Rule 524 and Issuance of CME Group Market Regulation Advisory Notice RA1512-5. CBOT Submission No. 15-308 (2 of 4)

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME"), The Board of Trade of the City of Chicago, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX") (collectively, the "Exchanges") hereby notify the Commodity Futures Trading Commission ("CFTC" or "Commission") that they are self-certifying amendments to Rule 524 (("Trading at Settlement ("TAS") Transactions") at CME and CBOT and ("Trading at Settlement ("TAS") and Trading at Marker ("TAM") Transactions") at NYMEX and COMEX) and the issuance of Market Regulation Advisory Notice RA1512-5 ("RA1512-5"), effective on Friday, July 24, 2015.

The amendments to Rule 524 adopt a reference to a TAS Table set forth in the Interpretations & Special Notices Section of Chapter 5 ("Trading Qualifications and Practices") in each Exchange's Rulebook. NYMEX and COMEX are additionally self-certifying the adoption of the TAS Table. CME and CBOT adopted the TAS Table concurrent with their adoption of Rule 524 on June 15, 2015 (please see CME and CBOT Submission No. 15-148R dated May 8, 2015). NYMEX and COMEX are additionally eliminating a reference to TAS block trades being prohibited on the last day of trading in an expiring contract. The current language is incomplete. TAS block trades are prohibited on the last day of trading in all NYMEX energy futures with the exception of Brent Crude Oil Last Day Financial futures ("BZ") and are not prohibited in COMEX Gold, Silver and Copper futures. The prohibition on applicable NYMEX energy futures will be relocated to the TAS Table.

The amendments to Rule 524 appear in Exhibit A, with additions <u>underscored</u> and deletions ~~overstruck~~. The new sections of the TAS Table applicable to NYMEX and COMEX appear in Exhibit B, which is being provided under separate cover.

Additionally, Market Regulation has combined the regulatory guidance currently contained in two Market Regulation Advisory Notices ("MRAN") attendant to Rule 524 (one applicable to CME and CBOT, the other applicable to NYMEX and COMEX) into a single MRAN. RA1512-5 provides similar guidance as set forth in the current MRANs, albeit with added references to the TAS Table. A copy of RA1512-5 appears in Exhibit C.

The Exchanges reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act") and identified that the amendments to Rule 524 and the issuance of RA1512-5 may have some bearing on the following Core Principles:

> <u>Compliance with Rules</u>: The amendments to Rule 524 adopting references to the TAS Table are intended to keep various distinctions across the four Exchanges with respect to Rule 524 in a single document. Additionally, the Market Regulation Advisory Notice being issued continues to

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provide guidance to the marketplace on the regulatory requirements attendant to TAS and TAM transactions. This guidance is intended to assist market participants in remaining in compliance with Rule 524 and is therefore in compliance with this Core Principle.

Availability of General Information: As required by this Core Principle, the Exchanges are publicly issuing RA1512-5 to ensure that market participants have updated guidance and information attendant to TAS and TAM trades. The Advisory Notice will also be available on the CME Group website.

The Exchanges certify that the amendments to Rule 524, the adoption of the NYMEX and COMEX sections of the TAS Table and RA1512-5 comply with the Act and regulations thereunder. There were no substantive opposing views to this proposal.

The Exchanges certify that this submission has been concurrently posted on the CME Group website at http://www.cmegroup.com/market-regulation/rule-filings.html.

If you have any questions regarding this submission, please contact me at 212-299-2200, or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A – Amendments to CME/CBOT/NYMEX/COMEX Rule 524
Exhibit B – CME/CBOT/NYMEX/COMEX TAS Table (attached under separate cover)
Exhibit C – RA1512-5

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Exhibit A

Chapter 5
Trading Qualifications and Practices

(additions are underscored, deletions are ~~overstruck~~)

CME and CBOT

524. TRADING AT SETTLEMENT ("TAS") TRANSACTIONS

The Exchange shall determine the commodities, contract months and time periods during which TAS transactions shall be permitted. TAS-eligible commodities and contract months are set forth in the TAS Table in the Interpretation Section at the end of Chapter 5.

The following shall govern TAS transactions:

1. TAS orders may be entered on Globex at any time the applicable contracts are available for TAS trading on Globex and during each TAS contract's prescribed pre-open time period. The initiation of any TAS order on Globex outside these time periods is prohibited.
2. TAS transactions may be executed at the current day's settlement price or at any valid price increment four ticks higher or lower than the settlement price.

NYMEX and COMEX

524. TRADING AT SETTLEMENT ("TAS") AND TRADING AT MARKER ("TAM") TRANSACTIONS

The Exchange shall determine the commodities, contract months and time periods during which TAS and TAM transactions shall be permitted. TAS- and TAM-eligible commodities and contract months are set forth in the TAS Table in the Interpretation Section at the end of Chapter 5.

524.A. Trading at Settlement ("TAS") Transactions

The following shall govern TAS transactions:

1. TAS orders may be entered on Globex at any time the applicable contracts are available for TAS trading on Globex and during each TAS contract's prescribed pre-open time period. The initiation of any TAS order on Globex outside these time periods is prohibited.
2. Unless otherwise specified in the TAS Table, TAS-eligible commodities and contract months may be executed as block trades pursuant to the requirements of Rule 526 ~~except that TAS block trades may not be executed on the last day of trading in an expiring contract~~.
3. Unless otherwise specified by the Exchange, TAS transactions may be executed at the current day's settlement price or at any valid price increment ten ticks higher or lower than the settlement price.

524.B. Trading at Marker ("TAM") Transactions

The following shall govern TAM transactions:

1. TAM orders may be entered on Globex at any time the applicable contracts are available for TAM trading on Globex and during each TAM contract's prescribed pre-open time period. The initiation of any TAM order on Globex outside these time periods is prohibited.
2. TAM-eligible commodities and contract months may be executed as block trades pursuant to the requirements of Rule 526.
3. TAM transactions may be executed at the current day's applicable marker price or at any valid price increment ten ticks higher or lower than the applicable marker price.

Exhibit B

CME/CBOT/NYMEX/COMEX TAS Table

(attached under separate cover)

Exhibit C

MARKET REGULATION ADVISORY NOTICE

Exchange	**CME, CBOT, NYMEX & COMEX**
Subject	**TAS and TAM Transactions**
Rule References	**Rule 524**
Advisory Date	**July 10, 2015**
Advisory Number	**CME Group RA1512-5**
Effective Date	**July 24, 2015**

Effective on July 24, 2015, this Market Regulation Advisory Notice will supersede CME & CBOT Market Regulation Advisory Notice RA1503-3R and NYMEX & COMEX Market Regulation Advisory Notice RA1510-4R. It is being issued to combine, in one document, all regulatory guidance on Trading at Settlement ("TAS") transactions in CME, CBOT, NYMEX and COMEX products and Trading at Marker ("TAM") transactions in NYMEX products.

Information on the specific products, contract months and spreads eligible for pricing as TAS or TAM transactions is contained in the TAS Table set forth in the Interpretations & Special Notices Section at the end of Chapter 5 of each Exchange's Rulebook. The table may also be accessed here.

Important information on regulatory considerations for market participants engaging in TAS or TAM transactions appears in Section 2 of this Advisory Notice.

TAS Transactions in CME, CBOT and COMEX products and TAS and TAM Transactions in NYMEX products are subject to each Exchange's Rule 524 and the information contained in this Advisory Notice. The text of each Exchange's Rule 524 appears in Section 6 of this Advisory Notice.

1. General Information on TAS and TAM Transactions

TAS trading permits parties to trade at a differential to the current day's not-yet-known settlement price. TAM trading permits parties to trade at a differential to a current day's not-yet-known marker price.

Orders for CME and CBOT TAS-eligible products may be entered into CME Globex for execution at the current day's settlement price or any valid price increment four ticks higher or lower than the settlement price.

Orders for NYMEX and COMEX TAS- and TAM-eligible products may be entered into CME Globex for execution at the current day's settlement or marker price, as applicable, or any valid price increment ten ticks higher or lower than the applicable settlement or marker price, except for spot month Copper futures which may be executed on CME Globex and priced solely at the settlement price, or TAS flat.

Additionally, orders for certain NYMEX and COMEX products may be executed as block trades and priced at the settlement or marker price or any valid price increment ten ticks higher or lower than the settlement or marker price. Information on TAS- and TAM-eligible block trades in NYMEX and COMEX products may be found here:

http://www.cmegroup.com/clearing/trading-practices/block-trades.html#nymexComexProducts

2. Regulatory Considerations

All market participants are reminded that any trading activity that is intended to disrupt orderly trading or to manipulate or attempt to manipulate a settlement or marker price to benefit a TAS or TAM position, including a TAS or TAM block position, will subject the member and/or the market participant to disciplinary action for any of a number of rule violations, including, but not limited to:

- price manipulation or attempted price manipulation
- wash trading
- conduct detrimental to the interest or welfare of the Exchange or conduct which tends to impair the dignity or good name of the Exchange
- engaging in conduct inconsistent with just and equitable principles of trade

Investigation of suspected manipulative or disruptive activity related to TAS and TAM, or activity in the related underlying markets will include the Market Regulation Department's ("Department") review of positions and trading activity in the applicable Exchange markets and any related markets to determine if such activity was disruptive, collusive, and/or caused or attempted to cause aberrant price movement during these periods. Pursuant to Rule 432.L.3, market participants are reminded that it is an offense to fail to produce any books or records requested by authorized Exchange staff within 10 days after such request is made or such shorter period of time as determined by the Exchange in exigent circumstances. The Department always has the authority to request books and records as well as other relevant information regarding the nature of a participant's trading and positions in Exchange products and in any related markets as part of its regulatory program.

3. Entry of TAS and TAM Orders on CME Globex

Rule 524 permits the initiation of TAS and TAM orders into CME Globex only subsequent to the beginning of each group's pre-open state and during the time period the applicable contracts are available for TAS or TAM trading on CME Globex. The initiation of any TAS or TAM order on CME Globex outside of these time periods is strictly prohibited.

Any market participant who initiates the entry of a TAS or TAM order prior to receipt of the security status message indicating that market has transitioned to the pre-open will be subject to disciplinary action by a panel of the Business Conduct Committee, notwithstanding that the order may have been rejected by the CME Globex system. Sanctions for noncompliance may include a fine, disgorgement of any profits realized as a result of any orders accepted by CME Globex which were initiated prior to receipt of the security status message and/or a suspension of access to the market. Market participants must have appropriate protocols in place to ensure that TAS and TAM orders are not initiated prior to receipt of the security status message.

4. TAS and TAM Calendar Spreads

As set forth in the TAS Table, certain intra-commodity calendar spreads are permitted to be entered into CME Globex and priced at the settlement or marker price, or a specified number of ticks above or below the settlement or marker price.

Additionally, certain NYMEX and COMEX intra-commodity calendar spreads are permitted to be executed as block trades and priced at the settlement or marker price or at a positive or negative differential.

The legs of TAS and TAM spread trades executed at **zero** or at a **negative differential** (negative 1 through negative 10 for eligible NYMEX and COMEX products) (negative 1 through negative 4 for eligible CME and CBOT products) on CME Globex or, where allowable, as block trades will be priced as follows:

- If the spread trades at zero, each leg will be priced at the settlement or market price, as applicable, for the respective contract months.

- If the spread trades at a negative differential, the **nearby** leg of the spread will be priced at the settlement or marker price, as applicable, for that contract month. The **far** leg of the spread will be priced at the settlement or marker price, as applicable, for that contract month **minus** the allowable TAS or TAM price increment traded.

The legs of TAS and TAM spread trades executed at a **positive differential** (positive 1 through positive 10 for eligible NYMEX and COMEX products) (positive 1 through positive 4 for eligible CME and CBOT products) will be priced as follows:

Where execution occurs on CME Globex:

- If the spread trades at a positive differential, the **far** leg of the spread will be priced at the settlement or marker price, as applicable, for that contract month. The **nearby** leg of the spread will be priced at the settlement or marker price, as applicable, for that contract month **plus** the TAS or TAM price increment traded.

Where execution occurs as a block trade:

- If the spread trades at a positive differential, the **nearby** leg of the spread will be priced at the settlement or marker price, as applicable, for that contract month. The **far** leg of the spread will be priced at the settlement or marker price, as applicable, for that contract month **minus** the allowable TAS or TAM price increment traded.

5. TAS Pricing and Daily Price Limits

Notwithstanding that CME Live Cattle, Feeder Cattle and Lean Hogs futures and CBOT Corn, Soybean, Soybean Oil, Soybean Meal, Wheat and KC HRW Wheat futures are subject to daily price limits, market participants executing a trade in one of those products which is priced at a tick increment above or below the settlement price (negative 4 through negative 1 or positive 1 through positive 4) may result in a final trade price above or below the daily price limit.

6. Text of CME, CBOT, NYMEX and COMEX Rule 524

CME & CBOT

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1. TAS orders may be entered on Globex at any time the applicable contracts are available for TAS trading on Globex and during each TAS contract's prescribed pre-open time period. The initiation of any TAS order on Globex outside these time periods is prohibited.
2. TAS transactions may be executed at the current day's settlement price or at any valid price increment four ticks higher or lower than the settlement price.

NYMEX & COMEX

524. TRADING AT SETTLEMENT ("TAS") AND TRADING AT MARKER ("TAM") TRANSACTIONS

The Exchange shall determine the commodities, contract months and time periods during which TAS and TAM transactions shall be permitted. TAS- and TAM-eligible commodities and contract months are set forth in the TAS Table in the Interpretation Section at the end of Chapter 5.

524.A. Trading at Settlement ("TAS") Transactions

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1. TAS orders may be entered on Globex at any time the applicable contracts are available for TAS trading on Globex and during each TAS contract's prescribed pre-open time period. The initiation of any TAS order on Globex outside these time periods is prohibited.
2. Unless otherwise specified in the TAS Table, TAS-eligible commodities and contract months may be executed as block trades pursuant to the requirements of Rule 526.
3. Unless otherwise specified by the Exchange, TAS transactions may be executed at the current day's settlement price or at any valid price increment ten ticks higher or lower than the settlement price.

524.B. Trading at Marker ("TAM") Transactions

The following shall govern TAM transactions:

1. TAM orders may be entered on Globex at any time the applicable contracts are available for TAM trading on Globex and during each TAM contract's prescribed pre-open time period. The initiation of any TAM order on Globex outside these time periods is prohibited.
2. TAM-eligible commodities and contract months may be executed as block trades pursuant to the requirements of Rule 526.
3. TAM transactions may be executed at the current day's applicable marker price or at any valid price increment ten ticks higher or lower than the applicable marker price.

Questions regarding this Advisory Notice may be directed to the following individuals in Market Regulation:

Jennifer Dendrinos, Director, Investigations, 312.341.7812

Andrew Vrabel, Executive Director, Investigations, 312.435.3622

Erin Coffey, Senior Rules & Regulatory Outreach Specialist, 312.341.3286

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Robert Sniegowski, Executive Director, Rules & Regulatory Outreach, 312.341.5991

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.