CME Group

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

July 22, 2013

VIA E-MAIL

Ms. Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

RE: Regulation 40.6(a): Change in the MYR/USD FX Benchmark for Crude Palm Oil Futures
CME Submission No. 13-296

Dear Ms. Jurgens:

The Chicago Mercantile Exchange Inc. ("CME" or the "Exchange"), pursuant to Commodity Futures Trading Commission ("Commission") Regulation 40.6(a), is notifying the Commission that it is self-certifying changes to the USD/MYR foreign exchange benchmark used in the settlement procedures for U.S. Dollar Cash Settled Crude Palm Oil Futures ("CME Palm Oil Futures"). CME plans to implement the new USD/MYR benchmark for CME Palm Oil Futures on August 6, 2013, to coincide with the Central Bank of Malaysia's ("Bank Negara Malaysia") adoption of the benchmark as the rate that all onshore banks must use for foreign exchange transactions involving Malaysian Ringgit.

The settlement prices for CME Palm Oil Futures are based off Bursa Malaysia Crude Palm Oil Futures ("BM CPO Futures"), which are traded in Malaysian Ringgit. Settlements for the CME Palm Oil Futures are determined by converting the BM CPO Futures settlement prices into U.S. dollars using the Association of Banks in Singapore ("ABS") 11:00 a.m. spot USD/MYR fixing. On July 5, 2013, ABS announced that it would discontinue publication of this spot FX fixing after August 5, 2013. ABS has recommended that the market settle its USD/MYR transactions going forward using the onshore USD/MYR Spot Rate reported by Persatuan Pasaran Kewangan Malaysia ("PPKM"). The PPKM USD/MYR Spot Rate is also the USD/MYR rate reported by the Bank Negara Malaysia, which requires all licensed onshore banks to reference this rate when pricing all foreign exchange contracts involving Malaysian Ringgit.

Given ABS's sudden decision to discontinue publishing its USD/MYR FX fixing, CME plans to begin using the PPKM USD/MYR Spot Rate beginning August 6, 2013. The Exchange must implement this change in order to continue to provide settlement prices for CME Palm Oil Futures. Open interest in the CME Palm Oil Futures was 240 contracts as of July 16, 2013.

CME business staff and the CME legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, CME staff identified that the proposed changes may impact the following Core Principles:

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- Prevention of Market Disruption – Trading will continue to be subject to Rules that include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on CME, activity will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department. The foreign exchange conversion being adopted is also reported as the USD/MYR exchange rate by the Malaysian Central Bank. The Malaysian Central Bank requires that all licensed on-shore banks use its USD/MYR fixing as reference for all foreign exchange contracts involving Ringgit and that no other fixing shall be used as reference.

- Contracts Not Readily Subject to Manipulation – The contracts will not be readily subject to manipulation as the substituted spot rate is reported by the Central Bank of Malaysia, which requires all licensed on-shore banks to use this USD/MYR fixing as reference for all foreign exchange contracts. HSBC estimates normal daily volume in the spot USD/MYR foreign exchange market to be $1.2 trillion. The CME Crude Palm Oil Futures market, with non-spot speculative position limits of 1,000 contracts, represents a very small proportion of the USD/MYR market.

- Protection of Market Participants – CME Rules include prohibitions against fraudulent, non-competitive, unfair or abusive practices. These rules will continue to apply. Additionally, this change will allow the CME to continue to provide settlement prices for the CME Palm Oil Futures after August 5, 2013.

CME is not aware of any substantive opposing views to this proposal.

CME certifies that these revisions to the foreign exchange conversion rate for CME Palm Oil Futures comply with the CEA and regulations thereunder. CME certifies that this submission has been concurrently posted on the CME Group website at http://www.cmegroup.com/market-regulation/rule-filings.html.

If you require any additional information regarding this action, please contact me at 212-299-2200 or Christopher.Bowen@cmegroup.com, or John McKinlay at 312-930-3028 or John.McKinlay@cmegroup.com, and reference CME Submission 13-296 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1: Required Rule Changes

EXHIBIT 1

(additions underlined, deletions ~~overstruck~~)

Chapter 204
U.S. Dollar Cash Settled Crude Palm Oil Futures

20403. SETTLEMENT PROCEDURES

20403.A. Final Settlement

There shall be no delivery of crude palm oil in settlement of this contract. All contracts open as of the termination of trading shall be cash settled to the average price of the corresponding FCPO contract traded on the Bursa Malaysia Derivatives Berhad during the last five Trading Days two months prior to becoming the delivery month. For each of the five-day calculation, the daily settlement price will be converted to USD and rounded to the nearest $0.25 using the [~~Association of Banks in Singapore's 11:00 am (Singapore time) MYR spot price.~~] **USD/MYR spot rate reported by Persatuan Pasaran Kewangan Malaysia (PPKM), which appears on Thomson Reuters Screen MYRFIX2 Page at approximately 11:10 am Kuala Lumpur time.** The five daily prices are then averaged to produce the final settlement price.