



U.S. COMMODITY FUTURES TRADING COMMISSION

Three Lafayette Centre
1155 21st Street, NW, Washington, DC 20581
Telephone: (202) 418-5000

Division of
Market Oversight

Dorothy DeWitt
Director

Re: No-Action Relief to Designated Contract Markets to Facilitate Physical Separation of Personnel in Response to the COVID-19 Pandemic

Ladies and Gentlemen:

This letter is in response to requests received by the Division of Market Oversight (“**DMO**”) of the Commodity Futures Trading Commission (“**CFTC**” or “**Commission**”) from multiple designated contract markets (the “**DCMs**”).¹

The World Health Organization declared the coronavirus disease 2019 (“**COVID-19**”) outbreak a global pandemic on March 11, 2020. DMO understands from the DCMs that the COVID-19 pandemic may present challenges in meeting certain of their obligations under the Commodity Exchange Act (“**CEA**”) and Commission regulations thereunder. These DCMs may have significant operations in affected areas, or areas that may become affected, by the COVID-19 pandemic. Disruptions in transportation and limited access to facilities and support staff as a result of the COVID-19 pandemic could hamper the ability of the DCMs to meet their regulatory obligations. DMO is issuing this letter to assist the DCMs with responding to the COVID-19 pandemic by providing temporary relief from certain obligations under the CEA and Commission regulations.

Specifically, the DCMs have requested no-action relief for failure to comply with certain Commission regulations where compliance is anticipated to be particularly challenging or impossible because of displacement of personnel from their normal business sites due to implementing recommended practices, such as social distancing and closures, to curtail the spread of the COVID-19 virus.

The displacement of certain of the DCMs’ market participants from their respective trading floors and other designated premises² means that it may be impossible to record all voice

¹ This letter responds to requests received from Chicago Mercantile Exchange, Inc., the Board of Trade of the City of Chicago, Inc., the New York Mercantile Exchange, Inc., and the Commodity Exchange, Inc. (collectively, “**CME Group**”), ICE Futures, U.S., Inc. (“**IFUS**”), and Minneapolis Grain Exchange, Inc. (“**MGEX**”).

² “Other designated premises” refers to exchange rules that may allow customer orders to be entered from the premises of an entity registered to conduct customer business.

communications that are required to be recorded by the DCMs or by market participants under Commission regulation 1.35. Therefore, the DCMs have indicated that such market participants will be unable to comply with certain audit trail requirements. In addition, market participants may be unable to comply with other self-regulatory requirements applicable to floor trading imposed under exchange rules, such as exchange requirements that require customer orders to be placed from certain designated premises and electronic timestamp requirements on block trade and exchange for related position orders.

The DCMs have also stated that they are unable to comply with certain obligations under Core Principle 4 in light of trading floor closure, including market monitoring and comprehensive and accurate reconstructions of daily trading activity. Market information, including audit trail information, may not be available as quickly as under normal circumstances to facilitate real-time monitoring and surveillance.

The CFTC's Division of Swap Dealer and Intermediary Oversight ("**DSIO**") has issued related relief to floor brokers ("**FBs**"), other registrants, and unregistered members of DCMs (collectively, "**Affected Market Participants**") from compliance with, among other things, the requirement to make and keep records of oral communications pursuant Commission regulation 1.35 ("**DSIO NALs 20-02, 20-03, 20-04, 20-05 and 20-06**").³ As a condition to the relief provided under the DSIO NALs, if the personnel required to use recorded lines are required by the written business continuity plan of any DCM or Affected Market Participant to be absent from their normal business site, a written record of the oral communication, including date, time, identifying information of the persons participating, and subject matter of the communication, must be created and maintained as a written communication in accordance with Commission regulation 1.35.

The DCMs state that as a result of the inability of FBs to meet their requirements under Commission regulation 1.35 and record voice communications, the DCMs' ability to produce a complete audit trail and meet other audit trail-related requirements under DCM Core Principles 4 and 10 and Commission regulations thereunder will be compromised.

I. DMO No-Action Position

In order to support an orderly response to the COVID-19 pandemic, DMO believes that the no-action relief set forth herein is warranted. DMO expects that as COVID-19-related risks decrease, the DCMs will return to compliance with all regulatory obligations from which relief has been provided.

Until June 30, 2020, DMO will not recommend that the Commission take an enforcement action against any DCM for the failure to comply with audit trail and related requirements pursuant to CEA sections 5(d)(4) and (10), as well as Commission regulations thereunder, to the extent that non-compliance relates to the displacement, in connection with the COVID-19 pandemic

³ In their requests for relief, CME refers to "affected members and market participants," ICE refers to "floor brokers, introducing brokers, and the associated persons of introducing brokers and futures commission merchants," and MGEX refers to "floor brokers."

response, of Affected Market Participants from an exchange's trading floor and/or other designated premises from which customer orders may be placed. This relief is subject to the applicable conditions stated below. Generally, DMO expects the DCMs to remain particularly vigilant in their self-regulatory functions and to implement compensating controls designed to ensure that this relief does not facilitate or allow Affected Market Participants to take advantage of market volatility to engage in improper trading.

1. The DCMs will require Affected Market Participants to continue to conduct customer business in accordance with the same exchange rules applicable to the trading conducted on the trading floor, or otherwise in compliance with relief granted pursuant to DSIO NALs 20-02, 20-03, 20-04, 20-05 and 20-06, including preparation of a written record of oral communications.
2. Customer orders entered into the trading platform by Affected Market Participants will be retained in the DCM system's normal electronic audit trail and subject to existing credit and risk filters.
3. All other exchange rules, including those relating to the handling of customer orders and trade practices, will continue to apply to Affected Market Participant trading activity during the duration of any no-action relief.

II. Conclusion

DMO recognizes that DCMs may require additional or different relief in their efforts to comply with the requirements of the CEA and Commission regulations. As a result, DCMs that require other relief are encouraged to contact DMO staff. DMO staff will address issues on a case-by-case basis in light of the requesting DCM's particular facts and circumstances.

This letter and the positions taken herein represent the views of DMO only, and do not necessarily represent the position or view of the Commission or of any other office or division of the Commission. The relief issued by this letter does not excuse registered entities relying on it from compliance with any other applicable requirements contained in the CEA or in Commission regulations. Further, this letter and the positions taken herein are based upon the facts and circumstances presented to DMO. Any different, changed, or omitted material facts or circumstances might render the relief provided by this letter void.

Finally, as with all staff letters, DMO retains the authority to condition further, modify, suspend, terminate, or otherwise restrict the terms of relief provided herein, in its discretion.

If you have any questions concerning this correspondence, please contact Nancy Markowitz, Deputy Director, DMO, at (202) 418-5453 or nmarkowitz@cftc.gov; Israel Goodman, Special Counsel, DMO, at (202) 418-6715 or igoodman@cftc.gov; or Marilee Dahlman, Special Counsel, DMO, at (202) 418-5264 or mdahlman@cftc.gov.

Sincerely,

Dorothy DeWitt
Director
Division of Market Oversight



March 16, 2020

(Submitted via email)

Director Joshua Sterling
Division of Swap Dealer Intermediary
Oversight
Commodity Futures Trading
Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20851

Director Dorothy Dewitt
Division of Market Oversight
Commodity Futures Trading
Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20851

RE: Request for No-Action Relief

Dear Sir and Madam:

Pursuant to the Commodity Exchange Act (“CEAct”) and Commodity Futures Trading Commission (“CFTC”) Regulation 140.99, the Minneapolis Grain Exchange, Inc. (“MGEX” or “Exchange”) hereby requests appropriate no-action relief following its March 13, 2020 emergency action to suspend open outcry trading due to the worldwide coronavirus pandemic as a precaution to Members and employees. MGEX has posted notice on the MGEX website at the following link: <http://www.mgex.com/announc.html>.

The MGEX open outcry market is limited to the negotiation and trading of Hard Red Spring Wheat Options. This activity is conducted by a small number of authorized persons in the Exchange Room. Hard Red Spring Wheat Options may additionally be traded through the Electronic Trading System used by MGEX. Accordingly, the suspension of open outcry trading will not fundamentally impact the liquidity or ability of MGEX’s markets to operate in a normal manner. However, as a result of this action, MGEX Member floor brokers will not be able to operate in their market capacity absent regulatory relief. Granting relief will provide floor brokers the ability to maintain their market function outside of the designated open outcry Exchange Room or pit. Therefore, due to the suspension of open outcry trading, MGEX requests regulatory relief for Exchange floor brokers from certain provisions of CFTC Regulation 1.35 through the duration of the suspension of open outcry trading.

In conjunction with the anticipated CFTC no-action relief, the Exchange will provide relief to MGEX Member floor brokers from aspects of MGEX Rules that correspond to the provisions of CFTC Regulation 1.35. Specifically, pursuant to MGEX Rule 3.1.2. Time And Place For Making, Members and Market Participants are prohibited from assembling

in any place, public or private, other than in the Exchange Room or designated area to form a market for the purpose of making purchases or sales, or offers to purchase or sell Futures or Options. Accordingly, MGEX will provide relief to allow Member floor brokers the ability to facilitate floor brokerage at off-Exchange premises (e.g. home office) outside of the Exchange room, for the purpose of making purchases or sales, or offers to purchase or sell, Hard Red Spring Wheat Options.

Further, pursuant to MGEX Rule 2.3.1. Records Of Transactions, persons subject to CFTC Regulation 1.35 must keep full and systematic records related to transactions. Similarly, pursuant to MGEX Rule 2.3.2. Recording Orders, authorized persons receiving customer orders must record said orders in a prescribed format, including time-stamping all open outcry Options orders to the nearest minute when reduced to writing upon transmittal to the Exchange Room for execution. Accordingly, MGEX will provide relief for MGEX Member floor brokers under the requirements of CFTC Regulation 1.35 and MGEX Rules as it relates to the timestamping of customer orders, recording oral communications, and other potential audit trail requirements that will not be feasible when conducting floor brokerage for open outcry Options orders and trades at off-Exchange premises. However, MGEX will require floor brokers to document order and trade dates and times to the best of their abilities to remain compliant when recording customer orders.

Finally, pursuant to MGEX Rule 742.01. Cross Trading-Handling Both Buying and Selling Orders By Open Outcry In The Exchange Room, authorized persons are required to competitively offer orders by open outcry in the Exchange Room as well as execute orders in a prescribed manner in the presence of an official representative of the Exchange. Accordingly, MGEX will provide relief for MGEX Member floor brokers, when cross trading-handling customer orders, to be able to conduct cross trades not in the presence of an Exchange representative after said orders have been offered competitively to the best of the floor brokers ability given the unique emergency situation in which the behavior of open outcry may not be feasible at a location outside of the Exchange Room. This relief does not permit non-competitive trading by floor-brokers; as such, floor brokers need to ensure customer orders have been offered competitively to the marketplace prior to execution. MGEX has the power to, and will review, various floor broker communication records to ensure customer orders have been subjected to market risk and competition.

During its suspension of open outcry trading, and in conjunction with the relief sought for MGEX Member floor brokers noted above, MGEX will continue to enforce its Rules to the fullest extent possible, specifically such Rules applicable to floor brokers and open outcry Options trading. In addition to the continued enforcement of its Rules, MGEX will take certain heightened control measures to mitigate any risks that may potentially arise from the suspension and the relief measures being enacted. Specifically, MGEX will conduct additional post-trade reviews of trades and underlying documentation related to MGEX Member floor broker activity during the open outcry suspension. The need for, and application of, additional control measures will be continually evaluated by MGEX as the dynamic circumstances may warrant and will be shared with the CFTC as appropriate.

Additionally, and a result of the requested relief for floor brokers from certain provisions of CFTC Regulation 1.35 as well as the relief being granted by the Exchange for provisions under MGEX Rules 2.3.1., 2.3.2., 3.1.2., and 742.01. (“Impacted Rules”), MGEX requests regulatory relief for itself as a Designated Contract Market from having to comply with the enforcement of certain audit trail requirements under the following Part 38 Core Principles:

- *DCM Core Principle 4, Availability of General Information:* MGEX has identified the Impacted Rules of having floor brokers operate outside the designated open outcry Exchange Room or pit. As such, floor brokers may not be able to record customer orders in the manners prescribed under CFTC Regulation and MGEX Impacted Rules nor would such orders be transacted in the presence of an Exchange representative. However, MGEX will be utilizing compensatory controls (discussed above), and working to develop additional compensatory controls as appropriate, to mitigate impacts during the duration of the suspension of open outcry trading.
- *DCM Core Principle 10, Audit Trail Required:* MGEX has identified the Impacted Rules of having floor brokers operate outside the designated open outcry Exchange Room or pit. Such activity may impair the Exchange’s ability to maintain rules and procedures to provide for the recording and safe storage of all identifying trade information in a manner that enables the contract market to use the information. During the suspension, MGEX will monitor the Impacted Rules and the recording and safe storage of all identifying trade information. MGEX will be utilizing compensatory controls, and working to develop additional compensatory controls as appropriate, to mitigate impacts during the duration of the suspension of open outcry trading.

MGEX requests this relief through the duration of the suspension of open outcry trading.

I hereby certify that the material facts set forth in this letter dated March 16, 2020 (and the enclosed March 13, 2020 memo) are true and complete to the best of my knowledge.

If there are any questions regarding this request, please contact me at (612) 321-7169 or lcarlson@mgex.com.

Sincerely,



Layne G. Carlson
Chief Regulatory Officer

Enclosure



MEMO

TO: MGEX Members, Clearing Members and Market Participants

FROM: Mark G. Bagan, President & CEO

DATE: March 13, 2020

SUBJECT: MGEX to Suspend Open Outcry Options Trading

MGEX has approved an emergency action to suspend open outcry options trading in the MGEX Exchange Room. After discussions with the Commodity Futures Trading Commission, this emergency action was taken in response to the worldwide coronavirus pandemic and as a precaution to Members and employees. The closure will be effective after the close of trading on Friday, March 13, 2020.

MGEX encourages those with open Spring Wheat Options positions to submit a Spring Wheat Options Settlement Form. The Form can be found at http://www.mgex.com/spring_wheat.html under the Hard Red Spring Wheat Options heading. Please note a new Form must be submitted each day in order to participate in the options daily settlement process and no later than 1:32 p.m. CT.

Please note, the Exchange Room at MGEX will continue to remain accessible to those that rent an office or desk space in the location.

MGEX previously announced changes to the MGEX Cash Market reporting procedures; information on that change can be found at <http://www.mgex.com/announc.html>.

MGEX thanks you for your continued support of MGEX products as well as your patience during this unprecedented time.



Kathleen Cronin
Senior Managing Director, General Counsel
and Corporate Secretary
Legal Department

March 16, 2020

Dorothy DeWitt, Director, Division of Market Oversight
Joshua Sterling, Director, Division of Swap Dealer and Intermediary Oversight
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: Request for No-Action Relief Relating to Temporary Closure of the Trading Floor

Dear Directors DeWitt and Sterling:

CME Group Inc. ("CME Group"), on behalf of its four designated contract markets the Chicago Mercantile Exchange, Inc., Chicago Board of Trade, Inc., New York Mercantile Exchange Inc. and the Commodity Exchange Inc. and their respective members and market participants, respectfully requests that the Division of Market Oversight and Division of Swap Dealer and Intermediary Oversight (collectively, the "Divisions") of the Commodity Futures Trading Commission ("CFTC" or "Commission") grant the CME Group's request for no-action relief described herein. The request relates to the CME Group's recent decision to close the trading floors of the Chicago Mercantile Exchange, Inc. and Chicago Board of Trade, Inc. temporarily and to take other measures in response to the coronavirus pandemic, and the Exchanges' provision of temporary regulatory relief to affected members and market participants from having to comply with certain audit trail and other requirements applicable to floor trading imposed under the rules of the Exchanges. In addition, as firms introduce social distancing practices in connection with their business continuity programs, the Exchanges are providing regulatory relief from certain requirements of the rules of the Exchanges which require customer orders to be placed from certain designated premises.

By Special Executive Report [S-8559], the Exchanges issued regulatory relief concerning the pandemic to be put into effect for trade date Monday, March 16, 2020. To accommodate this relief with respect to the ability to conduct certain activities in alternate locations, the Exchanges have modified certain audit trail requirements to reflect those circumstances. In the event alternate locations are used, the Exchanges will not require written orders, including block trade and EFRP orders, to have electronic timestamps; however, there will be very specific requirements applicable to the order as to the creation of a written order, time recordation and retention that will continue to maintain the

integrity of the audit trail. Moreover, Exchange rules require members, member firms and employees of the foregoing to comply with the applicable recordkeeping requirements as set forth in Commission Regulation 1.35, including oral recordkeeping requirements. To the extent that the Commission modifies acceptable practices, the Exchanges has provided comparable relief. In this letter, the Exchanges are seeking relief from DCM Core Principle 4 paragraph (B) (and the regulations set forth herein) that a board of trade must have the capacity and responsibility for “comprehensive and accurate trade reconstructions”. This relief is sought to the extent that the revised audit trail standards contained in our regulatory relief modify the existing standards as set forth in the Core Principle and regulations.

The CME is submitting this request pursuant to CFTC Rule 140.99.

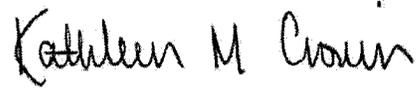
Specifically, the CME Group asks the Divisions to confirm that they will not recommend to the Commission that it take enforcement against:

1. Any of the Exchanges to the extent that its decision to provide certain members with the regulatory forbearance relief described herein could be inconsistent with the Exchange’s obligations under the core principles for designated contract markets (“DCM”) set out in Section 5(d)(4) of the Commodity Exchange Act (“CEA”) or Commission Regulations 38.250 through 38.256 and 38.553; or
2. Any affected members or market participants, to the extent that their permitted non-compliance with the Exchanges’ audit trail requirements could be inconsistent with their obligations under Commission Regulation 1.35. The Exchanges’ market participants to whom this relief would apply are Commission registrants who are subject to the order recordation requirements of Commission Regulation 1.35.

While the Exchanges may provide temporary regulatory relief in connection with the floor closure, affected persons would continue to be subject to all remaining rules of the Exchanges relating to their activity; the Exchanges have endeavored to provide and to subject anyone subject to their jurisdiction alternative means of compliance tailored, as appropriate, to the revised circumstances. In addition, the Exchanges will take additional surveillance steps to implement its regulatory relief. For instance, the Exchanges will engage in enhanced electronic trading ahead and front-running research reviews; these will be opened for trade dates beginning March 1, 2020 with expanded thresholds for duration (timing of event), quantity, profitability and the Exchanges will engage in targeted reviews for displaced Chicago floor brokers. As part of this, the Exchanges will divert headcount, currently anticipated to be 2 Trading Floor Investigators and 1 Senior Investigator, from open outcry reviews to handle the increase in electronic citations. As circumstances evolve, we will continue to develop additional controls as necessary. In any event, the Exchanges would continue to conduct customary trade practice and market surveillance activities, including existing electronic trading ahead and front-running program reviews.

CME Group appreciates your consideration of this request. Should you or any member of your staff, Commission staff, or the Commission itself have any questions or otherwise would like to discuss the matters set forth in this letter, please contact the undersigned.

Respectfully submitted,

A handwritten signature in black ink that reads "Kathleen M. Cronin". The signature is written in a cursive style with a distinct dot over the letter 'i' in "Cronin".

Kathleen Cronin
Senior Managing Director, General Counsel
and Corporate Secretary



Atlanta Calgary Chicago Houston London New York Singapore

VIA EMAIL

Ms. Dorothy DeWitt
Director, Division of Market Oversight
Commodity Futures Trading Commission
Three Lafayette Centre
Washington, D.C. 20581

March 16, 2020

Re: Request for Temporary Relief

Dear Ms. DeWitt:

On March 13, 2020, ICE Futures U.S., Inc. ("IFUS" or "Exchange") issued certain relief from its rules (effective trade date March 16, 2020), in response to the COVID-19 pandemic. Specifically, as set forth in IFUS Submission 20-25, the Exchange granted temporary relief from certain portions of ICE Futures U.S. Rule 4.18(e) which require intermediaries to enter customer orders either from: (i) the electronic trading floor of the Exchange or (ii) the premises of an entity appropriately registered to conduct customer business. This action was taken by the Exchange to allow intermediaries to continue to handle customer business in support of orderly markets and to avoid disruptions caused by potential access interruptions, while recognizing the need to implement business continuity and other special procedures to address the COVID-19 pandemic. The relief allows intermediaries to conduct customer business from locations other than the Exchange's electronic trading floor or the registered branch office of an intermediary, and thus encompasses registered floor brokers, introducing brokers, and the associated persons of introducing brokers and futures commission merchants. In addition, to the extent any of the covered persons has a duty to maintain oral communications under Exchange rules, the relief provides that the intermediary should make reasonable efforts to comply with such requirement at the alternative work location, however, if they are unable to do so under the circumstances, the Exchange will not take action for noncompliance. Finally, intermediaries are instructed to document all efforts taken and decisions made in reliance on the relief. We note that relief similar to that afforded by the Exchange was also taken by other designated contract markets on March 13th.

The Exchange action is consistent with the policy goals of core principle 6 of the Commodity Exchange Act, as amended, (the "CEA") and was taken with the expectation that the Commission would grant similar relief from relevant provisions of the CEA and the Commission's regulations. This letter is submitted to set forth the relief IFUS is requesting the Commission grant for intermediaries and the related relief which the Exchange requests from certain obligations under the core principles applicable to designated contract markets under the CEA.

Relief for Floor Brokers and Other Intermediaries. The Exchange requests relief:

-Allowing registered floor brokers to accept customer orders involving Exchange contracts from a location that is not operated by the Exchange, without requiring the floor brokers to register in any other capacity under the CEA or requiring them to be supervised by a registered entity, subject to the order ticket requirements as modified below.

-Allowing intermediaries to accept customer orders from premises other than those which are maintained by an entity appropriately registered under the CEA to conduct customer business.

-Waiving the requirements under the CEA and CFTC regulations of an electronic time stamp on customer orders, provided that the time of receipt, execution and confirmation are otherwise accurately denoted on a written record of the orders.

-Waiving the requirements under the CEA and Regulation 1.35 with respect to recording of oral communications.

The Exchange will conduct heightened surveillance of intermediaries with respect to the business they conduct in reliance on the foregoing relief.

Relief to the Exchange. The Exchange requests the following relief:

Core Principle 4 (Prevention of Market Disruption) and Commission Regulations 38.250(b), 38.251(d); 38.254(a) and 38.256

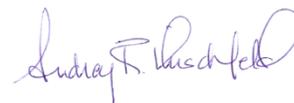
The Exchange seeks relief from the obligation that it (i) be able to perform comprehensive and accurate reconstructions of daily trading activity and (ii) require intermediaries keep certain records of their trading activity, including but not limited to the recordings of oral communications, written communications and order tickets, to the extent such requirements are relaxed as described above.

Core Principle 10 (Trade Information) and Commission Regulation 30.550 *et seq.*

The Exchange seeks relief from the obligation to provide for the recording and maintenance of certain identifying trade information by intermediaries, specifically, the recording of oral communications and the preparation of order tickets, to the extent the requirements are relaxed as described above.

Thank you for considering this request for temporary relief. If you have any questions please contact me at 212-748-4083 or at audrey.hirschfeld@theice.com.

Sincerely,



Audrey R. Hirschfeld
SVP and General Counsel
ICE Futures U.S., Inc.

cc: Trabue Bland
Rachel Berdansky