

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 16-009 (2 of 5)

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 01/05/2016 Filing Description: Adoption of CME, CBOT, NYMEX, and COMEX Rule 543 and Amendments to CME, CBOT, NYMEX, and COMEX Rules 930.C. and 960.

**SPECIFY FILING TYPE**

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: 543, 930.C. and 960

**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:

January 5, 2016

**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. Adoption of CME, CBOT, NYMEX, and COMEX Rule 543 and Amendments to CME, CBOT, NYMEX, and COMEX Rules 930.C. and 960.  
CME Submission No. 16-009 (2 of 5)**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), 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 the adoption of new CME/CBOT/NYMEX/COMEX Rule 543 (“Restrictions on Access for Sanctioned Parties and Jurisdictions”) and amendments to CME/CBOT/NYMEX/COMEX Rules 930.C. (“Acceptable Performance Bond Deposits”) and 960 (“Omnibus and Carrying Broker Accounts”). This submission shall become effective on Thursday, January 21, 2016. The new Rule and the amendments to existing Rules will be made effective by the Exchanges on Monday, February 29, 2016.

At present, CME, CBOT, NYMEX, and COMEX Rule 981 (“Anti-Money Laundering and Economic Sanctions Compliance”) requires Clearing Members to develop a compliance program to monitor the Clearing Member’s compliance with the applicable requirements of the Bank Secrecy Act (31 U.S.C. § 5311, *et seq.*). In order to enhance compliance with applicable economic sanction regulations, CME, CBOT, NYMEX, and COMEX are adopting new Rule 543 which will apply to all parties subject to the Exchanges’ Rules. Rule 543 will prohibit access to each Exchange directly or indirectly by any sanctioned party or party located in a sanctioned jurisdiction. The text of new Rule 543 is set forth in Exhibit A, with additions underscored and deletions overstruck.

In addition, the Exchanges are amending Rule 930.C. to prohibit the use of any collateral relating to any sanctioned parties as defined in new Rule 543. This amendment is designed to address recent sanctions issued by the Office of Foreign Assets Control (“OFAC”) which included sectoral sanctions against dealing in, and providing certain equity and debt financings for, certain non-U.S. financial institutions. The amendments to Rule 930.C. is set forth in Exhibit B, with additions underscored.

The Exchanges are also amending Rule 960 to include a requirement that Clearing Members may carry omnibus accounts only for persons that have been put on notice and who have agreed that they will not act for any sanctioned party. The Exchanges believe this is necessary as the nature of the omnibus account is such that the Clearing Member may not know the identity of the underlying customers. The amendments to Rule 960 are set forth in Exhibit C, with additions underscored.

The Exchanges reviewed the designated contract market core principles (“DCM Core Principles”) and the derivatives clearing organization core principles (“DCO Core Principles”) as set forth in the Commodity

Exchange Act (“CEA” or “Act”) and identified that the new rule and rule amendments may have some bearing on the following principles:

- DCM Core Principle 2 – Compliance with Rules: The new rule and the rule amendments require that Clearing Members may carry omnibus accounts only for persons that have been put on notice and who have agreed that they will not act for any sanctioned party, require clearing members to develop a compliance program, and address recent sanctions issued by OFAC.
- DCM Core Principle 7 – Availability of General Information: The new rule and the rule amendments rules will continue to be posted publicly on the CME Group website in satisfaction of this core principle. In addition, the Exchanges will release a notice to the marketplace regarding this proposal in advance of the effective date.
- DCO Core Principle A – Compliance with Core Principles: The new rule and rule amendments will better permit the DCO and FCM clearing members to comply with rules and regulations.
- DCO Core Principle C – Participant and Product Eligibility: The new rule and rule amendments specify the rules and responsibilities of Clearing Members.
- DCO Core Principle L – Public Information: The new rule and rule amendments will continue to be posted publicly on the CME website in satisfaction of this core principle. In addition, the Exchanges will release a notice to the marketplace regarding this proposal in advance of the effective date.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchanges certify that the new rule and amendments to existing rules 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 Exchanges’ website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you require any additional information regarding this submission, please contact me at 212-299-2200 or Maureen Guilfoile at 312-930-8141 or you may contact us via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: New CME/CBOT/NYMEX/COMEX Rule 543  
Exhibit B: Amendments to CME/CBOT/NYMEX/COMEX Rule 930.C.  
Exhibit C: Amendments to CME/CBOT/NYMEX/COMEX Rule 960

## EXHIBIT A

### **CME/CBOT/NYMEX/COMEX Chapter 5 Trading Qualifications and Practices**

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

#### **543. RESTRICTIONS ON ACCESS FOR SANCTIONED PARTIES AND JURISDICTIONS**

The following parties (defined individually as a “Sanctioned Party” and collectively as “Sanctioned Parties”) are not permitted to access the Exchange, whether directly or indirectly: parties that are (i) identified on the Specially Designated Nationals and Blocked Persons List of the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) (“Restricted Persons”), (ii) 50% or more owned by Restricted Persons, (iii) located in a country or territory subject to comprehensive economic sanctions administered by OFAC (“Restricted Country or Territory ” or “Restricted Countries or Territories”), (iv) owned or controlled by the governments of Restricted Countries or Territories, (v) subject to OFAC restrictions where such restriction prohibits a specific activity which would in turn prohibit the party from trading on the Exchange or settling a transaction at the Exchange, (vi) subject to restrictions administered or imposed by a state or government authority authorized to issue economic sanctions and blocking measures that has jurisdiction over a Clearing Member (each a “Sanctioning Body”) or (vii) acting on behalf of any of the foregoing.

Unless permitted (either not restricted or specifically authorized) by OFAC and/or any Sanctioning Body, as applicable, (a) any Clearing Member that maintains positions or carries an account actively trading on the Exchange for a Person that is or becomes a Sanctioned Party or (b) any Clearing Member becomes aware, or has documentary information, that it maintains positions or carries an account actively trading on the Exchange on behalf of a Sanctioned Party, shall immediately take steps to (i) cancel all direct and indirect access and authorizations issued to such Sanctioned Party and provide written notice to the Exchange of such cancellations; or (ii) provide written instructions to the Exchange directing the Exchange to assist and coordinate in the cancellation of all access and authorizations for the Sanctioned Party at the Exchange as may be applicable.

**5443.-545. [RESERVED]**

## **EXHIBIT B**

### **CBOT/NYMEX/COMEX Chapter 9 Clearing Members**

(additions are underscored)

#### **930.C. Acceptable Performance Bond Deposits**

Clearing members may accept from their account holders as performance bond cash currencies of any denomination, readily marketable securities (as defined by SEC Rule 15c3-1(c)(11) and applicable SEC interpretations), money market mutual funds allowable under CFTC Regulation 1.25, bank-issued letters of credit, warrants, warehouse receipts and shipping certificates that are registered as deliverable for commodities traded on Chicago Mercantile Exchange Inc., Chicago Board of Trade Inc., New York Mercantile Exchange, Inc. or Commodity Exchange, Inc., and "London Good Delivery" gold, as defined by the London Bullion Market Association.

Clearing members shall not accept as performance bond from an account holder securities that have been issued, sponsored or otherwise guaranteed by the account holder or an affiliate of the account holder unless the clearing member files a petition with and receives permission from Clearing House staff.

Unless permitted (either not restricted or specifically authorized) by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") and/or any Sanctioning Body, as applicable, Clearing members may not accept from their account holders as performance bond any debt or equity issued by Sanctioned Parties as defined in Rule 543, assets in which Sanctioned Parties have an interest, or any other assets that are or would be subject to blocking restrictions or sectoral sanction restrictions imposed by OFAC or are subject to similar restrictions imposed by another Sanctioning Body.

Bank-issued letters of credit must be in a form acceptable to the Clearing House. Such letters of credit must be drawable in the United States. Clearing members shall not accept as performance bond from an account holder letters of credit issued by the account holder, an affiliate of the account holder, the clearing member, or an affiliate of the clearing member.

All assets deposited by account holders to meet performance bond requirements must be and remain unencumbered by third party claims against the depositing account holder.

Except to the extent that Clearing House staff shall prescribe otherwise, cash currency performance bond deposits shall be valued at market value. All other performance bond deposits other than letters of credit, warrants, warehouse receipts and shipping certificates shall be valued at an amount not to exceed market value less applicable haircuts as set forth in SEC Rule 240.15c3-1. Warrants, warehouse receipts and shipping certificates shall be valued at an amount not to exceed the market value of the commodities represented by the warrants, warehouse receipts or shipping certificates, less a deduction in the same amount as the inventory haircut specified in Commission Regulation 1.17(c)(5)(ii).

### **CME Chapter 9 Clearing Members**

(additions are underscored)

#### **930.C. Acceptable Performance Bond Deposits**

##### **1. Non-Security Futures and OTC Derivatives**

Clearing members may accept from their account holders as performance bond cash currencies of any denomination, readily marketable securities (as defined by SEC Rule 15c3-1(c)(11) and applicable SEC interpretations), money market mutual funds allowable under CFTC Regulation 1.25, bank-issued letters of credit, warrants, warehouse receipts and shipping certificates that are registered as deliverable for commodities traded on Chicago Mercantile Exchange Inc., Chicago Board of Trade Inc., New York Mercantile Exchange, Inc. or Commodity Exchange, Inc., and "London Good Delivery" gold, as defined by the London Bullion Market Association.

Clearing members shall not accept as performance bond from an account holder securities that have been issued, sponsored or otherwise guaranteed by the account holder or an affiliate of the account holder unless the clearing member files a petition with and receives permission from Clearing House staff.

Unless permitted (either not restricted or specifically authorized) by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") and/or any Sanctioning Body, as applicable, Clearing members may not accept from their account holders as performance bond any debt or equity issued by Sanctioned Parties as defined in Rule 543, assets in which Sanctioned Parties have an interest, or any other assets that are or would be subject to blocking restrictions or sectoral sanction restrictions imposed by the OFAC or are subject to similar restrictions imposed by another Sanctioning Body.

Bank-issued letters of credit must be in a form acceptable to the Clearing House. Such letters of credit must be drawable in the United States. Clearing members shall not accept as performance bond from an account holder letters of credit issued by the account holder, an affiliate of the account holder, the clearing member, or an affiliate of the clearing member.

All assets deposited by account holders to meet performance bond requirements must be and remain unencumbered by third party claims against the depositing account holder.

Except to the extent that Clearing House staff shall prescribe otherwise, cash currency performance bond deposits shall be valued at market value. All other performance bond deposits other than letters of credit, warrants, warehouse receipts and shipping certificates shall be valued at an amount not to exceed market value less applicable haircuts as set forth in SEC Rule 240.15c3-1. Warrants, warehouse receipts and shipping certificates shall be valued at an amount not to exceed the market value of the commodities represented by the warrants, warehouse receipts or shipping certificates, less a deduction in the same amount as the inventory haircut specified in Commission Regulation 1.17(c)(5)(ii).

[The remainder of the Rule is unchanged.]

## EXHIBIT C

### CME/CBOT/NYMEX/COMEX

#### Chapter 9

#### Clearing Members

(additions are underscored)

#### 960. OMNIBUS AND CARRYING BROKER ACCOUNTS

- A. All clearing members must maintain a complete list of all omnibus and carrying broker accounts maintained on their books. Such list shall be promptly provided to the Exchange upon request. Information for each such account must include account name, number and address, and classification of the account as either customer or house. Additionally, the identities and positions of the beneficial owners of any omnibus account must be immediately disclosed to the Exchange upon request.
- B. A clearing member carrying an omnibus account shall have the responsibility for ensuring that each person carried in the account does not exceed speculative limits unless granted an exemption pursuant to Rule 559.
- C. Each clearing member carrying an omnibus account must at all times reflect in its records the gross long and short positions held in such omnibus account.  
Prior to the first delivery day in a contract month or as otherwise required by the Clearing House, each clearing member carrying an omnibus account must maintain a complete and accurate list of the purchase and sale dates of all open positions held in such omnibus account for that contract month. Such list must be current throughout the contract month to ensure that the delivery procedure is not impaired.
- D. Clearing members may only carry omnibus accounts for entities that have received a notice from the clearing member (i) expressly prohibiting the omnibus account from acting for customers of the Exchange, directly or indirectly, that are Sanctioned Parties as defined by Rule 543 and (ii) requiring it to send a similar notice to its omnibus customers.
- E. Each clearing member that maintains an omnibus account with another clearing member shall also bear financial responsibility to the Exchange for that omnibus account.