

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 17-007 (1 of 2)

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 01/25/17 Filing Description: Amendments to CME Rule 730. (Delivery Through CLS Bank)

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: CME Rule 730

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 25, 2017

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. Amendments to CME Rule 730.
("Delivery Through CLS Bank")
CME Submission No. 17-007 (1 of 2)**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission ("CFTC" or "Commission") Regulation 40.6(a), Chicago Mercantile Exchange Inc. ("CME") hereby notifies the Commission that it is self-certifying amendments to CME Rule 730. ("Delivery Through CLS Bank") (the "Rule Amendments"). The Rule Amendments will be effective on February 13, 2017.

CME Rule 730. provides that deliverable currency futures contracts are required to be physically delivered through the Continuous Linked Settlement Bank System ("CLS") where both the trading unit and price increment currency are supported by CLS delivery procedures. The rule currently provides that notwithstanding this requirement, physical delivery need not occur through CLS where a clearing firm's delivery exposure in any single contract is reasonably expected to not exceed \$25 million.

The current version of CME Rule 730. does not address delivery obligations in multiple currencies or limit the aggregate value of contracts eligible to be delivered outside of CLS. Accordingly, the Rule Amendments establish a \$50 million US-dollar equivalent cap on multi-currency delivery exposure eligible for physical delivery outside of CLS. Adoption of the cap will decrease operational risk to the extent that more notional value in FX will settle via CLS rather than wire transfer. The single-contract limit of \$25 million will remain in place. Additionally, references to 'futures' contracts will be deleted to ensure its applicability to deliverable over-the-counter foreign exchange instruments as well as futures contracts.

Core Principle Review

CME 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 Rule Amendments may have some bearing on the following principles:

- DCM Core Principle 7 – Availability of General Information. The Rule Amendments will be posted publicly on the CME Group website in satisfaction of this Core Principle. In addition, CME will release notices to the marketplace regarding this proposal in advance of the effective date.
- DCO Core Principle D – Risk Management. The proposed cap will decrease operational risk to the extent that less notional value could settle via wire transfer versus CLS. To the extent the

cap results in more obligations settling via CLS it may further reduce the likelihood of a firm having delivery obligations split between wire transfer and CLS, which in turn alleviates clearing member funding issues that may arise in these circumstances.

- DCO Core Principle E – Settlement Procedures. The Rule Amendments will limit CME and clearing member exposures to multiple settlement banks when effecting FX deliveries. Requiring exposures above the \$50 million threshold to deliver via CLS will reduce operational and settlement risks arising where clearing members may otherwise be required to utilize multiple wire transfers and banks to settle FX delivery obligations. The cap will also eliminate the possibility of multiple sub-\$25 million exposures totalling more than \$50 million in the aggregate to deliver outside of CLS, further reducing settlement risk associated with obligations delivering across multiple settlement banks.
- DCO Core Principle L – Public Information. The Rule Amendments will be added to the publicly available CME Rulebook available on the CME Group website. In addition, CME will release notices to the marketplace regarding the amendments in advance of the effective date.

Exhibit A, which is attached hereto, sets forth the Rule Amendments in blackline format.

CME certifies that the proposed changes comply with the Act and regulations thereunder. There were no substantive opposing views to this action.

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 submission, please e-mail CMESubmissionInquiry@cmegroup.com or contact John McKinlay at 312-930-3028 or via email at John.McKinlay@cmegroup.com. Please reference CME Submission No. 17-007 in any related correspondence.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A – Rule Amendments to CME Rule 730. (blackline format)

Exhibit A

CME Rulebook

Chapter 7

Delivery Facilities and Procedures

(additions underlined; deletions ~~overstruck~~)

730. DELIVERY THROUGH CLS BANK

Consistent with procedures prescribed by the CME Clearing House, CME deliverable currency ~~futures~~ contracts are required to be physically delivered through the CLS (Continuous Linked Settlement) Bank System where both the trading unit currency and the price increment (minimum fluctuation) currency are supported by CLS delivery procedures. Notwithstanding the foregoing, a clearing firm shall not be required to make physical delivery through the CLS Bank System (i) for any currency ~~futures~~ contract where the delivery exposure of the clearing firm is reasonably expected not to exceed \$25 million for any one currency ~~futures~~ contract or (ii) for any currency contract delivery obligations below \$50 million, measured across all the clearing member's CLS-eligible currency contracts in the aggregate, where more than one currency is required to be delivered. Clearing firms delivering CME currency ~~futures~~ contracts must use an approved CLS agent bank for deliveries through CLS Bank, which may be any approved CLS agent bank. If practicable, in those situations where clearing firms delivering CME currency ~~futures~~ contracts use the same CLS Agent Bank for delivery, then physical delivery may occur by book entry at the same CLS Agent Bank and not be settled through the CLS Bank.

When buyers and sellers elect to do currency deliveries through the CLS System, they agree to abide by the deadlines and compensation conventions established by the CLS agent bank it uses and the CLS Bank. The CME Clearing House's obligation to the delivery transaction ends when payment is made through the CLS System. The CME Clearing House's sole obligation with respect to the delivery transaction shall be its obligation to ensure financial performance pursuant to Rule 702.