

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 16-101 (3 of 5)

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): March 4, 2016 Filing Description: Implementation of New CME/CBOT/NYMEX/COMEX Rule 825 ("Segregation of Performance Bond")

**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: 825

**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:**

March 4, 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. Implementation of New  
CME/CBOT/NYMEX/COMEX Rule 825 (“Segregation of Performance Bond”).  
CBOT Submission No. 16-101 (3 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 Commission that they are self-certifying new CME/CBOT/NYMEX/COMEX Rule 825 (“Segregation of Performance Bond”) effective on Monday, March 21, 2016. Rule 825 will memorialize the Exchanges’ longstanding treatment of the proceeds resulting from any rehypothecation, investment, pledge or disposition of the original performance bond that a clearing member has deposited with the CME Clearing House.

Rule 825 memorializes that the proceeds of any rehypothecation, investment, pledge or disposition of the original performance bond that a non-defaulting, non-suspended clearing member has deposited with the Exchange shall be held by the Exchange in the same manner in which the Exchange holds performance bond assets of the same form as the resulting performance bond asset (i.e., the proceeds themselves are held by the Exchange as performance bond). The Rule distinguishes circumstances in which original performance bond assets are rehypothecated, invested, pledged or disposed of by the Exchange as a required transfer or pay out to third parties in satisfaction of a clearing member’s obligations under the Exchanges’ rules. In this situation, the proceeds would not necessarily be held by the CME Clearing House as performance bond.

Rule 825 is being added to the Exchanges’ rulebooks in connection with the issuance of a bankruptcy remoteness opinion by the Exchanges’ outside counsel.

**Core Principle Review**

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 Core Principles:

- DCM Core Principle 11 – Financial Integrity of Transactions. The Exchanges have determined that the addition of Rule 825 is consistent with the requirement to establish and enforce rules and procedures to ensure financial integrity, including the clearance and settlement of transactions with a DCO.

- DCO Core Principle F – Treatment of Funds. The Exchanges have determined that the addition of Rule 825 is consistent with the requirement to establish standards and procedures designed to protect and ensure the safety of member and participant funds and assets.
- DCO Core Principle L – Public Information. Rule 825 will be added to the publicly available on the Exchanges' Rulebooks available on the CME Group website. In addition, the Exchanges will release a notice to the marketplace regarding the amendments in advance of the effective date.
- DCO Core Principle R – Legal Risk. The Exchanges have determined that the addition of Rule 825 is consistent with the requirement to have a well-founded, transparent and enforceable legal framework for each aspect of the activities of the DCO.

Exhibit A, which is attached hereto, sets forth Rule 825 in blackline format.

The Exchanges certify that Rule 825 complies with the Act and regulations thereunder. There were no substantive opposing views to this action.

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 require any additional information regarding this submission, please contact me at 212-299-2200 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A – CME/CBOT/NYMEX/COMEX Rule 825 (blackline format)

**Exhibit A**

**CME/CBOT/NYMEX/COMEX**

**Chapter 8**

**Clearing House and Performance Bonds**

(additions underlined)

**825. SEGREGATION OF PERFORMANCE BOND**

The performance bond assets resulting from any rehypothecation, investment, pledge or disposition of the original performance bond assets deposited by a clearing member that is not a defaulting or suspended clearing member, to the extent the Exchange is not required to transfer or pay out to third parties such resulting performance bond assets to meet the Exchange's obligations with respect to the clearing member pursuant to the Rules, shall be held by the Exchange in the same manner in which the Exchange holds performance bond assets of the same form as the resulting performance bond assets.