



Via Portal Submission

September 19, 2016

Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: OneChicago, LLC Rule Submission
Amending OCX Rule 424 (Concurrent Long and Short Positions)
(OCX Submission Number 16-020)

Dear Mr. Kirkpatrick:

Pursuant to section 5c(c)(1) of the Commodity Exchange Act, as amended (the “Act”), and § 40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission (“CFTC” or the “Commission”) under the Act, OneChicago, LLC (“OneChicago,” “OCX,” or the “Exchange”) hereby submits the following rule amendment. OneChicago is amending its Rule 424 (Concurrent Long and Short Positions) to remove the prohibition on netting down concurrent long and short positions during expiry week.

Rule 424(b) prohibits the netting down of concurrent long and short positions in physically deliverable futures during expiry week. This prohibition is generally intended to preserve open interest integrity during the expiry period, when open interest is most critical and used by market participants to assess physically deliverable supply in certain futures products. Due to the abundant deliverable supply of securities underlying OneChicago Contracts, the Exchange has found that this prohibition does not serve any purpose, and is therefore unnecessary. In fact, requiring market participants to maintain long and short positions rather than to net them down during expiry week leads to inaccurate or misleading open interest reporting. Accordingly, OneChicago is amending Rule 424 to remove paragraph 424(b). OneChicago also proposes to strike the second sentence of paragraph 424(c) because it relates paragraph 424(b). OneChicago is also proposing to remove 424(b) as a violation in Rule 717 (Summary Imposition of Fines) and the corresponding summary fine schedule published by the Exchange. This rule amendment will be effective on October 3, 2016.

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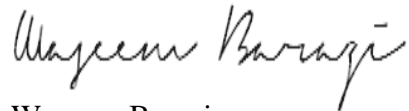
The purpose and effect of the rule amendment is to eliminate an unnecessary rule from the OneChicago Rulebook. This rule amendment will ensure that market participants accurately report open interest, and are not limited in doing so by a rule that is generally applicable to futures products other than security futures. Comments on the rule amendment have not been solicited and none have been received. OneChicago is not aware of any substantive opposing views to these rule amendments. OneChicago certifies that the rule amendment complies with the Act, including the core principles, and the Commission's regulations promulgated thereunder. OneChicago further certifies that a copy of this submission has been posted on the [OneChicago website](#).

OneChicago staff has reviewed the core principles applicable to designated contract markets ("DCMs"), and has concluded that the rule amendments may have some bearing upon the following core principle(s):

Core Principle 7: Core Principle 7 requires DCMs to make available to market authorities, market participants, and the public accurate information concerning the rules and regulations for executing transactions on the contract market. This rule amendment supports Core Principle 7 in that it updates the rules applicable to trading on OneChicago.

If you have any questions or comments related to this filing, please feel free to contact me by telephone at (312) 883-3441 or through e-mail at wbarazi@onechicago.com.

Respectfully Submitted,



Waseem Barazi
Chief Regulatory Officer and Associate General Counsel

Encl: Attachment A

Attachment A

424. Concurrent Long and Short Positions

(a) Concurrent long and short positions in the same commodity and month may be held by a clearing member at the direction of a customer or on behalf of an omnibus account; however it shall be the duty of the clearing member to ascertain whether such positions are intended for offset or to be held open prior to final transmission of position data to the Clearing Corporation.

~~(b) Concurrent long and short positions in physically delivered contracts that are held by the same owner during the last five days of trading must be offset by transactions executed in the market, by allowable privately negotiated transactions, or fulfilled through the normal delivery process, provided however that trades may be transferred for offset if the trade date of the position being transferred is the same as the transfer date. Such positions may not be offset via netting, transfer, or position adjustment except to correct a bona fide clerical or operational error and the correction of such error is completed within one business day after the error is discovered. Exchange staff, upon request, may permit an offset, transfer or position adjustment during the last five days of trading, if in the Exchange's opinion, the situation so requires and is in the best interest of the marketplace.~~

~~(e)(b) Clearing members who, pursuant to this rule, carry concurrent long and short positions must report to the Exchange both sides as open positions. When either side or both sides are reduced in accordance with Section B. of this rule, the open positions as reported to the Exchange must be reduced accordingly.~~

~~(d)(c) The Exchange takes no position regarding the internal bookkeeping procedures of its clearing members that, for the convenience of a customer, may "hold open" a position only on their books. However, the clearing member must accurately report to the Exchange and the Clearing Corporation, as appropriate, large trader positions, long positions eligible for delivery and open interest.~~

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717. Summary Imposition of Fines

(a) The Chief Regulatory Officer may, in consideration of the severity of the violation, summarily impose a fine against a Clearing Member, Exchange Member or Access Person for failing:

(i) – (x) No Change

~~(xi)~~ To comply with the prohibition on netting down concurrent long and short positions during the last five days of trading (Rule 424(b));

*Number of Cumulative Violations in Any
Twelve (12) Month Rolling Period* *Fine Amount*

First Offense.....Warning Letter
Second Offense.....\$2,500
Third Offense.....\$5,000
Subsequent Offenses.....Commencement of Disciplinary Proceedings

~~(xii)~~(xi) To identify correct account type in order entry into the OneChicago System (Rule 403(a));

*Number of Cumulative Violations in Any
Twelve (12) Month Rolling Period* *Fine Amount*

First Offense.....Warning Letter
Second Offense.....\$1,000
Third Offense.....\$2,500
Subsequent Offenses.....Commencement of Disciplinary Proceedings

~~(xiii)~~(xii) To timely correct an error in the handling of an order via transfer (Rule 423);

*Number of Cumulative Violations in Any
Twelve (12) Month Rolling Period* *Fine Amount*

First Offense.....Warning Letter
Second Offense.....\$1,000
Third Offense.....\$2,500
Subsequent Offenses.....Commencement of Disciplinary Proceedings

~~(xiv)~~(xiii) To comply with reporting requirements for reportable positions; or

*Number of Cumulative Violations in Any
Twelve (12) Month Rolling Period* *Fine Amount*

First Offense.....Warning Letter
Second Offense.....\$2,500
Third Offense.....\$5,000
Subsequent Offenses.....Commencement of Disciplinary Proceedings

~~(xv)~~(xiv) To submit ownership and control reports (Rule 516);

*Number of Cumulative Violations in Any
Twelve (12) Month Rolling Period* *Fine Amount*

First Offense.....	Warning Letter
Second Offense	\$2,500
Third Offense	\$5,000
Subsequent Offenses	Commencement of Disciplinary Proceedings