

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 23-119 (2 of 4)

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): 05/02/23 Filing Description: Amendments to CME, COBT, NYMEX/COMEX Rule 588.D. ("Alternative Resolution by Agreement of Parties") in Connection with Trade Cancellations and Price Adjustments

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|-------------------------------------|-------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Notification | § 40.6(d) |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers: 588.D.

New Product

Please note only ONE product per Submission.

- | | | |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.2(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> | Approval | § 40.3(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission | § 39.5 |

Official Product Name:

Product Terms and Conditions (product related Rules and Rule Amendments)

- | | | |
|--------------------------|---|----------------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Certification Made Available to Trade Determination | § 40.6(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.24(a) |
| <input type="checkbox"/> | Delisting (No Open Interest) | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Approval Made Available to Trade Determination | § 40.5(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.24(c) |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | "Non-Material Agricultural Rule Change" | § 40.4(b)(5) |
| <input type="checkbox"/> | Notification | § 40.6(d) |

Official Name(s) of Product(s) Affected:

Rule Numbers:

May 2, 2023

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, COBT, NYMEX/COMEX Rule 588.D. (“Alternative Resolution by Agreement of Parties”) in Connection with Trade Cancellations and Price Adjustments. CBOT Submission No. 23-119 (2 of 4)

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 certify to the Commission amendments to CME CBOT, and NYMEX/COMEX Rule 588.D. (“Alternative Resolution by Agreement of Parties”) to clarify the alternative resolutions or actions that may be taken by the parties to a trade in the event that a trade outside of a contract’s no cancellation ranges (or, Non-Reviewable Range (“NRR”)) is affected by a price adjustment or cancellation by the Exchanges’ Global Command Center (“GCC”) in accordance with Rule 588.C. (“Price Adjustments and Cancellations”) (collectively, the “Rule Amendments”) effective on May 17, 2023.

Rule 588.D. codifies the alternative actions that may be taken in the event that a trade is outside of a contract’s NRR on the CME Globex electronic trading platform (“CME Globex”).

Upon review of the alternative resolutions that may be taken with agreement of the parties in connection with trade cancellations and adjustments by the GCC, the Exchanges determined that: 1) the option to transfer positions was not an appropriate action to resolve a transaction that was executed in error outside of the NRR pursuant to Rule 588.D. and; 2) no alternative action pursuant to Rule 588.D. may be taken if the transaction is inside the NRR.

All transfers are currently subject to the provisions of Rule 853. (“Transfers of Trades and Customer Accounts”). Additionally, errors in execution of orders on CME Globex must be handled in accordance with CME Rule 527. (“Outtrades, Errors and Mishandling of Orders”) and CBOT, NYMEX/COMEX Rule 527. (“Errors and Mishandling of Orders”).

The Exchanges reviewed the designated contract market core principles (“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 Core Principles:

Prevention of Market Disruption: The Rule Amendments provide the alternative resolutions or actions that may be taken by the parties to a trade in the event that a trade outside of a contract’s NRR to prevent market disruption. Therefore, the Rule Amendments are in compliance with this core principle.

Availability of General Information: The Rule Amendments will be posted on the CME Group website in satisfaction of this Core Principle. In addition, the Exchanges will issue a Special Executive Report (“SER”) to the marketplace in advance of the amendments to Rule 588.D. becoming effective, which will also be posted on the CME Group website.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchanges certify that the Rule Amendments 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 the undersigned at 212.299.2200 or via email at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A: CME, CBOT, and NYMEX/COMEX Rule 588.D. (“Alternative Resolution by Agreement of Parties”) (blackline format)

EXHIBIT A

CME, CBOT and NYMEX/COMEX Rulebooks
Chapter 5
(“Trading Qualifications and Practices”)
(additions underscored; deletions ~~struck through~~)

588. TRADE CANCELLATIONS AND PRICE ADJUSTMENTS

[Sections A.-C. remain unchanged.]

588.D. Alternative Resolution by Agreement of Parties

If the GCC determines that the price of a trade is inside the Non-Reviewable Range, no alternative action may be taken under this Rule by the parties to the trade.

With the approval of the GCC, parties to a trade that is price adjusted may instead mutually agree to cancel the trade. With the approval of the GCC, parties to a trade that is cancelled may instead mutually agree to price adjust the trade to a price consistent with the adjustment provisions of Section C.

Parties to a trade that is cancelled or price adjusted may mutually agree to a cash adjustment provided that such adjustments are reported to the GCC and the parties maintain a record of the adjustment.

~~An executed trade may not be reversed via transfer except where such trade is determined by GCC to be outside of the Non-Reviewable Range but not reported timely, subject to agreement of the parties and approval of the GCC. Any such transfer must occur at the original trade price and quantity; however the parties may mutually agree to a cash adjustment.~~

A trade that is not cancelled may not be reversed via a prearranged offsetting transaction unless such transactions are permitted and effected in accordance with Rule 539.C.

[Sections E.-H. remain unchanged.]