

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 24-077

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 01/31/24 Filing Description: Initial Listing of Micro Japanese Yen/U.S. Dollar (JPY/USD) Futures Contract

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|--------------------------|-------------------------------------|------------|
| <input 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:

New Product

Please note only ONE product per Submission.

- | | | |
|-------------------------------------|---------------------------------------|------------|
| <input checked="" 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 |

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:

January 31, 2024

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 40.2(a) Certification. Initial Listing of Micro Japanese Yen/U.S. Dollar (JPY/USD) Futures Contract.
 CME Submission No. 24-077**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) certifies to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the initial listing of the Micro Japanese Yen/U.S. Dollar (JPY/USD) Futures contract (the “Contract”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort effective on Sunday, February 25, 2024, for trade date Monday, February 26, 2024.

Section 1 – Contract Specifications

Contract Title	Micro Japanese Yen/U.S. Dollar (JPY/USD) Futures
CME Globex and CME ClearPort Code	MJY
Rulebook Chapter	294
Contract Size	1,250,000 Japanese yen
Price Quotation	U.S. dollars and cents per JPY increment
Minimum Price Fluctuation	\$.000001 per Japanese yen
Value per Tick	\$1.25
Settlement Type	Deliverable
Listing Schedule	Quarterly contracts (Mar, Jun, Sep, Dec) listed for 2 consecutive quarters
Initial Listing	June 24
Termination of Trading	Trading terminates at 9:16 a.m. Central Time/CT, 2 business days prior to the third Wednesday of the contract month.
CME Globex Match Algorithm	FIFO
Trading and Clearing Hours	CME Globex Pre-open: Sunday 4:00 p.m. - 5:00 p.m. Central Time/CT Monday – Thursday 4:45 p.m. - 5:00 p.m. CT CME Globex: Sunday 5:00 p.m. - Friday 4:00 p.m. CT with a daily maintenance period from 4:00 p.m. - 5:00 p.m. CT

Section 2 – Compliance with Core Principles

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Contract may bear upon the following Core Principles:

Core Principle 2 – Compliance with Rules

Trading in the Contract shall be subject to CME Rulebook Chapter 4, which includes prohibitions against fraudulent, noncompetitive, unfair, and abusive practices. Additionally, trading in this Contract shall be subject to the Exchange’s trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the CME Rulebook. Trading activity in this Contract shall be subject to monitoring and surveillance by CME Group’s Market Regulation Department, which has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

Core Principle 3 – Contracts Not Readily Subject to Manipulation

The Contract is not readily subject to manipulation due to the deep liquidity and robustness in the underlying cash market, which provides diverse participation and sufficient spot transactions.

Core Principle 4 – Prevention of Market Disruption

Trading in the Contract shall be subject to CME Rulebook Chapter 4, which includes prohibitions on manipulation, price distortion, and disruption to the expiration and assignment process. Trading activity in the Contract shall be subject to monitoring and surveillance by CME Group’s Market Regulation Department.

Core Principle 5 – Position Limits or Accountability

The Contract will aggregate into the position levels of the full-size Japanese Yen/U.S. Dollar (JPY/USD) Futures contract.

The Contract will have a single month position accountability level of 10,000 contracts. The single month position accountability level is less than one percent of the M1 money supply of Japan. This is a conservative level as it is substantially below the CFTC’s 25 percent maximum threshold.

The Contract will have an all-month position accountability level of 10,000 contracts. The all-month position accountability level is less than two percent of M1 money supply of Japan. This is a conservative level as it is substantially below the CFTC’s 25 percent maximum threshold.

Core Principle 7 – Availability of General Information

The Exchange shall disseminate a Special Executive Report (“SER”) that sets forth information with regard to specifications, terms, and conditions of the Contract. In addition to such SER, daily trading volume, open interest, and price information for the Contract shall be published on the CME Group website.

Core Principle 8 – Daily Publication of Trading Information

The Exchange shall publish trading volumes, open interest levels, and price information daily of the Contract on the CME Group website and through quote vendors.

Core Principle 9 – Execution of Transactions

The Contract will be listed for trading on the CME Globex electronic trading platform and for submission of clearing via CME ClearPort. CME Globex provides for competitive and open execution of transactions and affords the benefits of reliability and global connectivity.

Core Principle 10 – Trade Information

All requisite trade information shall be included in the audit trail and will suffice for the Market Regulation Department to monitor for market abuse.

Core Principle 11 – Financial Integrity of Transactions

The Contract shall be cleared by CME Clearing, which is registered with the Commission as a derivative clearing organization, and which is subject to all CFTC regulations related thereto.

Core Principle 12 – Protection of Markets and Market Participants

Chapters 4 and 5 in the CME Rulebook set forth multiple strictures that preclude intermediaries from disadvantaging their customers. These Rules apply to trading in the Exchange’s competitive trading venues and will apply to transactions in the Contract.

Core Principle 13 – Disciplinary Procedures

Chapter 4 of the CME Rulebook provide for the Exchange to discipline, suspend, or expel members or market participants who violate the rules of the Exchange. Trading in the Contract shall be subject to these provisions. The Exchange’s Market Regulation Department has the authority to exercise its powers of enforcement, in the event rule violations in the Contract are identified.

Core Principle 14 – Dispute Resolution

Disputes in respect of the Contract shall be subject to the arbitration provisions set forth in Chapter 6 of both the CME Rulebook, which allow all nonmembers to submit to arbitration claims for financial loss resulting from transactions on the Exchange. Pursuant to these provisions, any member named as a respondent in any such claim submitted by a nonmember is required to participate in arbitration proceedings. Additionally, the Exchange requires members to resolve via arbitration all disputes concerning transactions on the Exchange.

The Exchange hereby certifies that the Contract complies with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

The Exchange certifies that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (312) 466-7478 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Timothy Elliott
Managing Director and Chief Regulatory Counsel

- Attachments:
- Appendix A CME Rulebook Chapter 294
 - Appendix B Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook (attached under separate cover)
 - Appendix C CME Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table
 - Appendix D CME Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table
 - Appendix E CME Rule 855. - (“Offsetting Positions for Different-Sized Contracts”) Contracts Eligible for Offset Table
 - Appendix F Exchange Fees
 - Appendix G Cash Market Overview and Analysis of Deliverable Supply

Appendix A
CME Rulebook

Chapter 294
Micro Japanese Yen/U.S. Dollar (JPY/USD) Futures

29400. SCOPE OF CHAPTER

This chapter is limited in application to Micro Japanese yen/U.S. dollar futures. In addition to this chapter, Micro Japanese yen/U.S. dollar futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

Futures contracts covered by this chapter may be referred to as Micro JPY/USD Futures.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

29401. TRADING SPECIFICATIONS

29401.A. Trading Schedule

Futures contracts shall be scheduled for trading and delivery during such hours and in such months as may be determined by the Exchange.

29401.B. Trading Unit

The unit of trading shall be 1,250,000 Japanese yen.

29401.C. Price Increments

Minimum price fluctuations shall be in multiples of \$.000001 per Japanese yen, equivalent to \$1.25 per contract.

29401.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

29401.E. [Reserved]

29401.F. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits and Daily Limits Table in the Interpretations & Special Notices Section of Chapter 5.

29401.G. Termination of Trading

Futures trading shall terminate on the second Business Day immediately preceding the third Wednesday of the contract month. If the foregoing date for termination is a bank holiday in Chicago or New York City, futures trading shall terminate on the next preceding Business Day common to Chicago and New York City banks and the Exchange.

29401.H. [Reserved]

29402. PHYSICAL DELIVERY

29402.A. Physical Delivery

1. Procedures

In addition to the procedures and requirements contained in this chapter, delivery procedures shall be governed by the rules set forth in Chapter 7.

2. Delivery Days

Delivery shall be made on the third Wednesday of the contract month. If that day is not a Business Day in the country of delivery or is a bank holiday in either Chicago or New York City, then delivery shall be made on the next day which is a Business Day in the country of delivery and is not a bank holiday in Chicago or New York City.

29402.B. [Reserved]

29403. [RESERVED]

(End Chapter 294)

Appendix B

**CME Rulebook
Chapter 5
("Trading Qualifications and Practices")**

Position Limit, Position Accountability, and Reportable Level Table

(attached under separate cover)

Appendix C

**CME Rulebook
Chapter 5
("Trading Qualifications and Practices")
CME Rule 588.H. – ("Globex Non-Reviewable Trading Ranges") Table**

(additions underscored)

Instrument	Globex Symbol	Outrights			Spreads	
		Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Minimum Ticks	NRR: Globex Format	NRR: Minimum Ticks
Micro Japanese Yen/U.S. Dollar (JPY/USD) Futures	MJY	<u>0.0000400</u>	<u>0.0000010</u>	<u>40</u>	<u>0.0000100</u>	<u>10</u>

Appendix D

**CME Rulebook
Chapter 5
("Trading Qualifications and Practices")
CME Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table**

(additions underscored)

Product	Rulebook Chapter	Commodity Code	PRIMARY/ASSOCIATED	ASSOCIATED WITH	Daily Price Limit	Dynamically Calculated Variant
Micro Japanese Yen/U.S. Dollar (JPY/USD) Futures	<u>294</u>	<u>MJY</u>	<u>Associated</u>	<u>6J</u>	<u>Daily Price Limit Table</u>	<u>4% of Dynamically Calculated Reference Price</u>

Appendix E

**CME Rulebook
Chapter 8
("Clearing House and Performance Bonds
Rule 855. ("Offsetting Positions for Different-Sized Contracts")
Contracts Eligible for Offset Table**

(additions underscored)

Clearing/ Globex Code	Product Name	Rulebook Chapter	Offset Ratio	Offset to Clearing/ Globex Code	Offset to Product Name	Rulebook Chapter	Cash/ Deliverable	Futures/ Option
<u>J1/6J</u>	<u>Japanese Yen/U.S. Dollar (JPY/USD) Futures</u>	<u>253</u>	<u>0.1</u>	<u>MJY/MJY</u>	<u>Micro Japanese Yen /U.S. Dollar (JPY/USD) Futures</u>	<u>294</u>	<u>D</u>	<u>F</u>
<u>J7/J7</u>	<u>E-mini Japanese Yen/U.S. Dollar Futures</u>	<u>263</u>	<u>0.2</u>	<u>MJY/MJY</u>	<u>Micro Japanese Yen /U.S. Dollar (JPY/USD) Futures</u>	<u>294</u>	<u>D</u>	<u>F</u>
<u>MJY/MJY</u>	<u>Micro Japanese Yen /U.S. Dollar (JPY/USD) Futures</u>	<u>294</u>	<u>10</u>	<u>J1/6J</u>	<u>Japanese Yen/U.S. Dollar (JPY/USD) Futures</u>	<u>253</u>	<u>D</u>	<u>F</u>
<u>MJY/MJY</u>	<u>Micro Japanese Yen /U.S. Dollar (JPY/USD) Futures</u>	<u>294</u>	<u>5</u>	<u>J7/J7</u>	<u>E-mini Japanese Yen/U.S. Dollar Futures</u>	<u>263</u>	<u>D</u>	<u>F</u>

Appendix F

Exchange Fees

Membership Type	Venue/Transaction Type	Fee
Individual Members Clearing Equity Member Firms Rule 106.J Equity Member Firms & Rule 106.J Qualified Subsidiaries Rule 106.I Members & Rule 106.I Qualified Affiliates Rule 106.S Member Approved Funds	CME Globex	\$0.05
	EFP/EFR	\$0.24
	Delivery	\$0.02
	Exe Asn Future From	\$0.07
Rule 106.D Lessees Rule 106.F Employees	CME Globex	\$0.06
	EFP/EFR	\$0.25
	Delivery	\$0.02
	Exe Asn Future From	\$0.07
Rule 106.R Electronic Corporate Members (For other than CME Globex - Non-Member rates apply)	CME Globex	\$0.09
Rule 106.H and 106.N Firms Clearing Non-Equity Member Firms	CME Globex	\$0.09
	EFP/EFR	\$0.28
	Delivery	\$0.04
	Exe Asn Future From	\$0.09
International Incentive Program (IIP) Participants International Volume Incentive Program (IVIP) Participants (For other than CME Globex - Non-Member rates apply)	CME Globex	\$0.15
Latin American Fund Manager Incentive Program (FMIP) Participants (For other than CME Globex - Non-Member rates apply)	CME Globex	\$0.24
CTA/Hedge Fund Incentive Program Participants (For other than CME Globex and EFP EFR Block - Non-Member rates apply)	CME Globex	\$0.24
	EFP/EFR	\$0.35
Members Trading Outside of Division	CME Globex During ETH Only	\$0.12
Non-Members	CME Globex	\$0.24
	EFP/EFR	\$0.35
	Delivery	\$0.06
	Exe Asn Future From	\$0.11

Processing Fees	Fee
Position Adjustment/Position Transfer	\$0.10
Give-Up Surcharge	\$0.05
Facilitation Fee	\$0.40

Appendix G

Cash Market Overview and Analysis of Deliverable Supply

As a basis for providing a uniform and methodical analysis of the position accountability levels for the Micro Japanese Yen/U.S. Dollar (JPY/USD) Futures contract (the “Contract”), Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) adopted three (3) metrics to frame its analysis quantitatively.

Contract Title	Micro Japanese Yen/U.S. Dollar (JPY/USD) Futures
CME Globex and CME ClearPort Code	MJY
Rulebook Chapter	294

The Exchange defines the deliverable grade for this contract as equal to the M1 money supply of Japan. In general terms, M1 money supply consists of currency in circulation plus demand deposits, such as checking and savings accounts. M1 is the narrowest and most conservative definition of a country’s deliverable currency stock available on a spot market basis. M1 data is readily available from the Federal Reserve Bank of St. Louis.¹ This data is available on a once per month basis and thus daily volume is not available but are of the same magnitude.

Second, the single month position accountability level is less than one percent of the M1 money supply of Japan. The Exchange believes one percent is a reasonable level and very conservative for setting the single month position accountability level.

Third, the all-month position accountability level is less than two percent of M1 money supply of Japan. Again, the Exchange believes two percent is a conservative level as it is substantially below the Commodity Futures Trading Commission’s 25 percent maximum threshold for determining speculative limits.

Lastly, for the reporting level, the level for Micro FX futures contracts is 250 contracts.

- **Currency Background**

According to the 2022 Triennial Central Bank Survey conducted by the Bank for International Settlements (“BIS”), the Japanese yen is the 3rd most traded currency.² BIS data show that the Japanese yen had a daily average volume in 2022 of \$1,253 billion.³ The Japanese yen is part of the Continuous Linked Settlement System (“CLS”).

- **Contract Description**

The Contract is physically delivered with a notional contract size of 1,250,000 Japanese yen; two quarterly contract listings of March quarterly cycle months; and a minimum tick size of \$.000001 per Japanese yen (1.25 USD). The Contract is not eligible for block transactions but are eligible for Exchange for Related Positions (“EFRP”) transactions.

- **Cash Market Analysis**

Exhibit 1 summarizes M1 money supply on a monthly basis between November 2020 and October 2023. During this three-year period, M1 for Japan increased by 16 percent to 1,079 trillion yen.

¹ See <https://fred.stlouisfed.org/series/MANMM101JPM189S>

² See *Triennial Central Bank Survey*, Bank for International Settlements, October 2022, table 3, page 11, https://www.bis.org/statistics/rpfx22_fx.pdf

³ Ibid. See table 4, page 12.

- **Spot Month Contract Position Limit**

The Contract does not have a spot month position limit.

- **Single Month Contract Position Accountability**

The Contract has a single month position accountability level of 10,000 contracts. The notional value of this level for Japanese yen averaged 0.01% of Japan M1 between November 2020 and October 2023. The single month level of the Contract of 10,000 is well within one percent of M1.

- **All Month Contract Position Accountability**

The Contract has an all-month position accountability level of 10,000 contracts. The notional value of this level averaged 0.01% of Japan M1 between November 2020 and October 2023. The all-month level of the Contract of 10,000 contracts is well within two percent of M1.

- **Aggregation of Positions**

The Contract shall aggregate into the Japanese Yen/U.S. Dollar (JPY/USD) Futures contract. The aggregation into ratio is 10 Micro JPY/USD (MJY), to 1 JPY/USD (J1) futures equivalent for single month and all month contract position accountability.

Exhibit 1: Deliverable Supply Analysis

	M1 for Japan ⁴	Single Month	All Month
November 2020	926,756,600,000,000	0.01%	0.01%
December 2020	932,868,500,000,000	0.01%	0.01%
January 2021	940,696,100,000,000	0.01%	0.01%
February 2021	947,345,900,000,000	0.01%	0.01%
March 2021	951,705,200,000,000	0.01%	0.01%
April 2021	956,748,600,000,000	0.01%	0.01%
May 2021	962,230,800,000,000	0.01%	0.01%
June 2021	966,047,500,000,000	0.01%	0.01%
July 2021	970,817,200,000,000	0.01%	0.01%
August 2021	975,218,000,000,000	0.01%	0.01%
September 2021	980,519,200,000,000	0.01%	0.01%
October 2021	987,399,200,000,000	0.01%	0.01%
November 2021	992,203,900,000,000	0.01%	0.01%
December 2021	997,356,400,000,000	0.01%	0.01%
January 2022	1,002,571,100,000,000	0.01%	0.01%
February 2022	1,007,238,500,000,000	0.01%	0.01%
March 2022	1,010,863,500,000,000	0.01%	0.01%
April 2022	1,014,258,500,000,000	0.01%	0.01%
May 2022	1,015,376,400,000,000	0.01%	0.01%
June 2022	1,020,433,700,000,000	0.01%	0.01%
July 2022	1,025,021,400,000,000	0.01%	0.01%
August 2022	1,029,082,900,000,000	0.01%	0.01%
September 2022	1,032,719,800,000,000	0.01%	0.01%
October 2022	1,036,635,800,000,000	0.01%	0.01%
November 2022	1,041,534,100,000,000	0.01%	0.01%
December 2022	1,045,128,900,000,000	0.01%	0.01%
January 2023	1,047,976,800,000,000	0.01%	0.01%
February 2023	1,050,700,800,000,000	0.01%	0.01%

⁴ See <https://fred.stlouisfed.org/series/MANMM101JPM189S>

March 2023	1,055,267,800,000,000	0.01%	0.01%
April 2023	1,059,203,000,000,000	0.01%	0.01%
May 2023	1,059,980,900,000,000	0.01%	0.01%
June 2023	1,064,624,600,000,000	0.01%	0.01%
July 2023	1,067,645,000,000,000	0.01%	0.01%
August 2023	1,072,354,500,000,000	0.01%	0.01%
September 2023	1,076,062,900,000,000	0.01%	0.01%
October 2023	1,079,161,200,000,000	0.01%	0.01%
Maximum:	1,079,161,200,000,000	0.01%	0.01%
75 Percentile:	1,048,657,800,000,000	0.01%	0.01%
Median:	1,014,817,450,000,000	0.01%	0.01%
25 Percentile:	974,117,800,000,000	0.01%	0.01%
Minimum:	926,756,600,000,000	0.01%	0.01%
3 Year Growth Rate:	16.4%		