

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 22-065

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

Filing as a: **DCM** **SEF** **DCO** **SDR**

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 04/12/22 **Filing Description:** Amendments to CME Rule 589. (Special Price Fluctuation Limits), the Special Price Fluctuation Limits and Daily Limits Table and Application of Dynamic Price Fluctuation Limits to all CME Foreign Exchange (FX) Futures

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: See filing.

New Product

Please note only ONE product per Submission.

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|--------------------------|---------------------------------------|------------|
| <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 checked="" 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: See filing.

Rule Numbers: See filing.

April 12, 2022

VIA ELECTRONIC PORTAL

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

**Re: CFTC Regulation 40.6(a) Certification. Amendments to CME Rule 589. (Special Price Fluctuation Limits), the Special Price Fluctuation Limits and Daily Limits Table and Application of Dynamic Price Fluctuation Limits to all CME Foreign Exchange (FX) Futures Contracts.
 CME Submission No. 22-065**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), Chicago Mercantile Exchange Inc. (“CME”) hereby certifies to the Commission amendments to CME Rule 589. (“Special Price Fluctuation Limits”) and the related Special Price Fluctuation Limits and Daily Price Limits table (the “Table”) (collectively, the “Rule Amendments”) to apply dynamic price fluctuation limits to certain CME foreign exchange (“FX”) futures contracts provided in Table 1. below effective on trade date Monday, May 2, 2022. Upon the effective date, dynamic price fluctuation limits shall apply to all CME FX futures contracts.

Table 1.

Contract Title	CME Globex / CME Clearing Code	Rulebook Chapter
<u>Mexican Peso/U.S. Dollar (MXN/USD) Futures</u>	6M/MP	256
<u>Brazilian Real/U.S. Dollar (BRL/USD) Futures</u>	6L/BR	257
<u>U.S. Dollar/Offshore Chinese Renminbi (USD/RMB) Futures</u>	CNH/CNH	284L
<u>South African Rand/U.S. Dollar (ZAR/USD) Futures</u>	ZAR/ZAR	259

Chilean Peso/U.S. Dollar (CLP/USD) Futures	CHP/CHP	346
Turkish Lira/U.S. Dollar (TRY/USD) Futures	TRL/TRL	273
Russian Ruble/U.S. Dollar (RUB/USD) Futures	6R/RU	260
Hungarian Forint/U.S. Dollar (HUF/USD) Futures	HUF/FR	267
Polish Zloty/U.S. Dollar (PLN/USD) Futures	PLN/PZ	268
Korean Won/U.S. Dollar (KRW/USD) Futures	KRW/KRW	271
Indian Rupee/U.S. Dollar (INR/USD) Futures	SIR/SIR	279
Israeli Shekel/U.S. Dollar (ILS/USD) Futures	ILS/IS	269
Czech Koruna/U.S. Dollar (CZK/USD) Futures	CZK/CZ	266
Chinese Renminbi/U.S. Dollar (RMB/USD) Futures	RMB/RMB	270
Micro Indian Rupee/U.S. Dollar (INR/USD) Futures	MIR/MIR	296
Micro U.S. Dollar/Offshore Chinese Renminbi (USD/RMB) Futures	MNH/MNH	344L
U.S. Dollar/Chilean Peso (USD/CLP) Futures	CHL/CHL	345

South African Rand/U.S. Dollar (ZAR/USD) Futures	6Z/RA	259
Australian Dollar/Canadian Dollar (AUD/CAD) Cross Rate Futures	ACD/AC	308
Australian Dollar/Japanese Yen (AUD/JPY) Cross Rate Futures	AJY/AJ	309
Australian Dollar/New Zealand Dollar (AUD/NZD) Cross Rate Futures	ANE/AN	310
Canadian Dollar/Japanese Yen (CAD/JPY) Cross Rate Futures	CJY/CY	311
Swiss Franc/Japanese Yen (CHF/JPY) Cross Rate Futures	SJY/SJ	307
Euro/Australian Dollar (EUR/AUD) Cross Rate Futures	EAD/CA	312
Euro/ Canadian Dollar (EUR/CAD) Cross Rate Futures	ECD/CC	302
Euro/ Swiss Franc (EUR/CHF) Cross Rate Futures	RF/RF	304
Euro/ British Pound Sterling (EUR/GBP) Cross Rate Futures	RP/RP	301
Euro/Japanese Yen (EUR/JPY) Cross Rate Futures	RY/RY	303

Euro/Norwegian Krone (EUR/NOK) Cross Rate Futures	ENK/CN	313
Euro/Swedish Krona (EUR/SEK) Cross Rate Futures	ESK/KE	314
British Pound Sterling/ Japanese Yen (GBP/JPY) Cross Rate Futures	PJY/BY	305
British Pound Sterling/Swiss Franc (GBP/CHF) Cross Rate Futures	PSF/BF	306
Chinese Renminbi/Euro (RMB/EUR) Cross Rate Futures	RME/RME	318
Czech Koruna/Euro (CZK/Euro) Cross Rate Futures	ECK/K	315
Hungarian Forint/Euro (HUF/EUR) Cross Rate Futures	EHF/R	316
Polish Zloty/Euro (PLN/EUR) Cross Rate Futures	EPZ/Z	317

Dynamic price limit functionality under the special price fluctuation limits mechanism assigns a price limit variant as determined by the Exchange (“dynamic variant”). During the trading day, the dynamic variant will be utilized in rolling 60 minutes look-back periods to establish dynamic upper and lower price fluctuation limits. Posted trades, bids or offers through the dynamic price fluctuation limits will trigger a two (2) minute trading halt. This methodology allows for the trading engine to halt the market on a move at any point during the day, which is intended to promote continuous price discovery with less market disruption.

In 2021, CME applied dynamic price fluctuation limits to certain FX futures contracts (see CME Submission No. [21-204](#) dated June 18, 2021). At this time, the Exchange is applying dynamic price fluctuation limits to the balance of the FX futures contracts.

To implement the Rule Amendments, the following amendments will be made:

- CME Rule 589.B.3. will be amended to delete the Foreign Exchange section in its entirety from traditional special price fluctuation limits description. (See Exhibit A below)
- The Table will reflect that all CME FX contracts are subject to dynamic price fluctuation limits. (see Exhibit B provided under separate cover)

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 following Core Principles may be impacted by this initiative as follows:

- **Compliance with Rules:** Changes to special price fluctuation limits constitute a change to a term and condition pursuant to Part 40 of the Regulations under the CEA. The Exchange is amending the price limits and special price fluctuation limit functionality attendant to the Contracts. As such, the Rule Amendments remain in compliance with this Core Principle.
- **Prevention of Market Disruption:** CME Rule 589. is expressly intended to prevent unwarranted price movements in products subject to the Rule. The Rule Amendments codify the manner in which the limits are applied and remain in compliance with the Core Principle.
- **Availability of General Information:** The Exchange will amend the Exchange’s rulebook accordingly which is publicly available on the CME Group website. In addition, the Exchange will publish a Special Executive Report (“SER”) to advise the marketplace of the Rule Amendments. The SER will also be posted on the CME Group website.
- **Protection of Market Participants:** CME Rule 589. is expressly intended to promote fair and equitable trading by ensuring that there are limits on the permissible price movements on any given trading day in the products subject to the Rule. As such, the Rule Amendments are in compliance with this Core Principle.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the Rule Amendments comply 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 Exchange’s website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at 212-299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
 Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A - Amendments to the CME Rule 589. (“Special Price Fluctuation Limits”) (blackline format)
 Exhibit B - Special Price Fluctuation Limits and Daily Price Limits Table (blackline format) (under separate cover)

Exhibit A
CME Rulebook
Chapter 5
Trading Qualifications and Practices
(deletions are struck through)

589. SPECIAL PRICE FLUCTUATION LIMITS

The special price fluctuation limits, including dynamic price fluctuation limits, applicable to those contracts with such limits are set forth in the Special Price Fluctuation Limits and Daily Price Limits Table ("Table") in the Interpretations Section at the end of Chapter 5.

589.A. Initial Price Fluctuation Limits for All Contract Months

At the commencement of each trading day, there shall be initial price fluctuation limits in effect for each futures contract month of the primary futures contract (as identified in the Table) above or below the previous day's settlement price for such contract month set at the first special price fluctuation limit level as provided in the Table.

589.B. Triggering Events and Temporary Trading Halts

1. First Triggering Event and Temporary Trading Halt

If the lead contract month (as identified by the Exchange) of the primary futures contract is bid or offered via Globex at the upper or lower price fluctuation limit at the first special price fluctuation limit level, as applicable, it will be considered a triggering event that will begin a two (2) minute monitoring period in the lead contract month. If, at the end of the two (2) minute monitoring period, the lead contract month of the primary futures contract is not bid or offered at the applicable special price fluctuation limit, the special price fluctuation limits shall be expanded an additional increment above and below the previous day's settlement price for all contract months of the primary futures contract and all contract months of associated products of the primary futures contract as provided in the Table. If, however, at the end of the two (2) minute monitoring period, the lead contract month of the primary futures contract is bid or offered at the applicable special price fluctuation limit, a two (2) minute temporary trading halt will commence in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract as provided in the Table. In addition, trading in any associated product that is an option related to the primary futures contract or in an option contract related to any other associated product of the primary futures contract that may be available for trading on Globex or on the trading floor shall be subject to a coordinated temporary trading halt.

2. Expansion of Limits Following Temporary Trading Halt

Following the end of a temporary trading halt, the affected markets shall re-open simultaneously in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract. When trading resumes, the special price fluctuation limits shall be expanded an additional increment above and below the previous day's settlement price for all contract months of the primary futures contract and all contract months of associated products of the primary futures contract as provided in the Table.

In each instance in which a triggering event occurs, a two (2) minute monitoring period will commence as provided in Section B.1. of this Rule. In each instance, the special price fluctuation limits shall be expanded by an additional increment above and below the previous day's settlement price for all contract months of the primary futures contract and all contract months of associated products of the primary futures contract as provided in the Table. Following the fourth triggering event on a trading day, there shall be no further special price fluctuation limits.

3. Foreign Exchange Contracts

~~For certain Foreign Exchange contracts, as designated in the Table, the GCC shall designate a lead primary contract month for purposes of this Rule. Additionally, an expiring contract month of a primary futures contract shall have no special price fluctuation limits on its expiration day.~~

~~On each trading day, there shall be no temporary trading halts or expansion of special price fluctuation limits in the primary futures contract or in any associated products of the primary futures contract during the five (5) minutes preceding the end of the primary futures contract's settlement price determination period. If a triggering event occurs during this five (5) minute period, trading will continue with the current price limit in effect until the conclusion of the five (5) minute period, at which time a monitoring period, temporary trading halt or special price fluctuation limit expansion, as applicable, will occur.~~

~~On each trading day, there shall be no temporary trading halts or expansion of special price fluctuation limits in the primary futures contract or in any associated products of the primary futures contract during the five (5) minute period preceding the close of trading. If a triggering event occurs during this five (5) minute period, trading will continue with the current price limit in effect until the close of trading.~~

589.C. Price Fluctuation Limits on Trading Floor (Floor Trading)

The special price fluctuation limits cited in Section A. of this Rule shall be applicable to all products in the Table that are traded via open outcry on the trading floor. Trades occurring via open outcry on the trading floor shall not constitute a triggering event for purposes of a temporary trading halt.

In all instances in which a temporary trading halt in the lead contract month of the primary futures contract occurs on Globex, floor trading in all contract months in any option related to the primary futures contract or in an option contract related to any associated product of the primary futures contract shall be subject to a coordinated temporary trading halt.

Whenever Globex markets are re-opened with expanded price limits pursuant to the provisions of Section B. of this Rule, the affected markets on the trading floor shall simultaneously re-open with expanded price limits.

589.D. Dynamic Price Fluctuation Limits

At the commencement of each trading day, the subject contracts, as designated in the Table, shall be assigned a price limit variant which shall equal a percentage of the prior trading day's Exchange-determined settlement price, or a price deemed appropriate by the GCC, ("dynamic variant"). During the trading day, the dynamic variant shall be applied in rolling 60-minute look-back periods to establish dynamic lower and upper price fluctuation limits as follows:

- (a) the dynamic variant shall be subtracted from the highest trade and/or bid price during a look-back period to establish the lower price fluctuation limit, i.e., trade and/or offer, and
- (b) the dynamic variant shall be added to the lowest trade and/or offer price during a look-back period to establish the upper price fluctuation limit, i.e., trade and/or bid.

1. Triggering Events and Temporary Trading Halts

If the lead contract month (as identified by the Exchange) of the primary futures contract is traded, bid or offered on Globex at a price below the lower or above the upper dynamic price fluctuation limit, it shall be considered a triggering event which shall begin a two (2) minute temporary trading halt in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract as provided in the Table. If a non-lead contract month of the primary futures contract is traded, bid or offered on Globex at a price below the lower or above the upper dynamic price fluctuation limit, it shall be considered a triggering event which shall begin a two (2) minute temporary trading halt in that non-lead contract month of the primary futures contract.

2. Limits Following Temporary Trading Halt

Following the end of a temporary trading halt triggered by the lead contract month, the affected markets shall re-open simultaneously at the indicative opening price as determined by the Exchange in all contract months of the primary futures contract and in all contract months of the associated contracts of the primary futures contract as provided in the Table. When trading resumes, the dynamic lower and upper price fluctuation limits shall be recalculated as described above. Following the end of a temporary trading halt triggered by a non-lead contract month, the affected market shall re-open at the indicative opening price as determined by the Exchange and the dynamic lower and upper price fluctuation limits shall be recalculated as described above.

3. Additional Characteristics

On each trading day, should there be a triggering event in the lead contract month of the primary futures contract during such contract's settlement determination period, there shall be a (5) five second temporary trading halt in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract as provided in the Table. If a non-lead contract month of the primary futures contract, or any contract month of an associated product of the primary futures contract, experiences a triggering event during the primary futures contracts settlement determination period, there shall be a (5) five second temporary trading halt for that non-lead contract month or that contract month of an associated product of the primary contract.

On each trading day, should there be a triggering event in the lead contract month of the primary futures contract during the (2) two-minute period preceding the close of trading, there shall be a (5) five second temporary trading halt in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract as provided in the Table. If a non-lead contract month of the primary futures contract, or any contract month of an associated product of the primary futures contract, experiences a triggering event during the (2) two-minute period preceding the close of trading

of the primary futures contract, there shall be a (5) five second temporary trading halt for that non-lead contract month or that contract month of an associated product of the primary contract.

[Remainder of Chapter unchanged.]

Exhibit B
CME Rulebook
Chapter 5
Trading Qualifications and Practices
Rule 589. Special Price Fluctuation Limits and Daily Price Limits Table

(additions underscoring; deletions are ~~struck through~~)
(under separate cover)