

September 6, 2013

VIA E-MAIL

Ms. Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

**RE: CFTC Regulation 40.6(a) Certification of Increased Position Limit Levels for
Dow Jones U.S. Real Estate Index Futures
CBOT Submission 13-366**

Dear Ms. Jurgens:

The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange"), pursuant to Commodity Futures Trading Commission ("Commission") Regulation 40.6(a), hereby notifies the Commission that it is self-certifying increased position limit levels for Dow Jones U.S. Real Estate Index ("DJUSRE") Futures.

The CBOT specifically seeks to amend the position limits of this futures contract as follows:

Currently the position limit for DJUSRE futures is 5,000 futures contracts. CBOT is increasing the DJUSRE Futures position limit from 5,000 to 10,000 futures contracts, net long or short.

These modifications will become effective on Sunday, September 22, 2013 for **trade date Monday, September 23, 2013**. The CBOT will apply these amendments to all futures expiries as of the effective date. Since the Exchange proposes in all cases to increase position limits, timely implementation of these revisions is unlikely to disrupt trading in futures delivery months with existing open interest.

Table 1 in the Appendix includes futures and cash market activity for the DJUSRE futures and DJUSRE Index constituents. Attachment 1, appended under a separate cover, includes the proposed amendments to the Exchange's Position Limit, Position Accountability and Reportable Level Table in CME Rulebook Chapter 5 (Trading Qualifications and Practices)

The Research and Product Development Department, the Market Regulation Department, and the Legal Department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act"). During the review, staff identified the following Core Principles as being potentially impacted:

- **Contracts not readily susceptible to manipulation:** Increasing the position limits for the CBOT DJUSRE futures contract will not make the contract susceptible to market manipulation. The equity market constituents of the DJUSRE index are among the more actively traded equities in the world-wide equity market. Given the size, and activity in the underlying cash equity markets, CBOT has concluded that the DJUSRE futures contracts are not readily susceptible to market manipulation.
- **Position limitations or accountability:** CBOT has adopted necessary and appropriate increases in the position limits of the DJUSRE futures contracts based on a detailed market analysis of the underlying cash markets of each contract, including the size, growth, and trading activity in the underlying cash market of these futures contracts.
- **Availability of general information:** CBOT intends to make the increases in the position limits of the DJUSRE futures contracts available to the public via a Special Executive Report. The Exchange will also publish information on the change in position limits its website.

CBOT certifies that these changes comply with the CEA and regulations thereunder. There were no substantive opposing views to this proposal.

CBOT certifies that this submission has been concurrently posted on the Exchange's website at: www.cmegroup.com/market-regulation/rule-filings.html.

Please direct inquiries regarding this submission to me at (312) 466-7478 or tim.elliott@cmegroup.com. Please reference CBOT Submission No. 13-366 in any related correspondence.

Sincerely,

/s/ Tim Elliott
Executive Director and Associate General Counsel

Attachment (Position Limit Table - under separate cover)

cc: Mr. Thomas M. Leahy and Mr. Philip Colling
CFTC Division of Market Oversight, Product Review & Analysis Section

APPENDIX

The futures contract considered in this study is:

1. Dow Jones U.S. Real Estate Index Futures

The market related liquidity characteristics included in Table 1 are:

- i. Market capitalization of the constituents underlying the respective stock index
- ii. Average daily USD turnover of the constituents underlying the respective stock index
- iii. Average daily USD turnover of ETF based on the respective stock index
- iv. Open Interest in the S&P 500 futures complex (both futures and delta weighted options)

CBOT is increasing the position limit for Dow Jones U.S. Real Estate futures (“DJUSRE”). The current CBOT position limit for both DJUSRE futures is 5,000 contracts. While the 5,000 futures contract position limit seems consistent with other futures contracts, it must be noted that the DJUSRE futures contract has the smallest notional value of any CME or CBOT stock index futures contract. The notional value of DJUSRE is approximately \$27,000 as of May 31, 2013.

The notional value of the 5,000 contract DJUSRE position limit is \$135 million, whereas the notional value of the constituents underlying the DJUSRE index is \$669 billion. The notional value of the DJUSRE futures position limit relative to the market value of the constituents underlying the DJUSRE index is 0.02%. The ratio of the current DJUSRE position limit to the Daily Index Constituent Cash Market Turnover is approximately 11.43%.

Based upon the liquidity characteristics of the DJUSRE cash equity market and the small notional value of the DJUSRE futures contract, it is reasonable to conclude that a one-hundred percent (100%) increase in the position limit for DJUSRE futures, from 5,000 futures contracts to 10,000 futures contracts is warranted.

If the DJUSRE futures position limit was increased to 10,000 contracts, the DJUSRE futures position limit to DJUSRE cash market capitalization ratio would rise from 0.02% to 0.04%. The daily turnover ratio based on the notional value of the 10,000 contract position limit relative to DJUSRE constituent average daily trading activity would be 22.86%.

Dow Jones U.S. Real Estate Index Futures and Cash Market Overview

Table 1

ROW		DJUSRE
1	Position Limit (Futures Contracts)	5,000
2	Index Level as of April 30, 2013	270.11
3	Futures Contract Multiplier	\$100
4	Notional Value of Futures Contract	\$27,011
5	Position Limit - Notional Value (Billions)	\$0.135
6	Market Cap of Index as of April 30, 2013 (Billions) Source: Bloomberg	\$669
7	May 1, 2010 to April 30, 2013 Average Index Turnover (Daily Index Constituent Trading Volume in Billions) Source: Bloomberg	\$1.182
8	Position Limit / Market Cap	0.0202%
9	Position Limit / Daily Index Constituent Cash Market Turnover	11.43%
10	Current Position Limit as % of Futures Open Interest	249.00%
11	Current Position Limit as % of Futures/Options Open Interest	N/A
12	New Position Limit	10,000
13	New Position Limit - Notional Value (Billions)	\$0.27
14	% Increase in Current Position Limit	100%
15	New Position Limit / Market Cap	0.040%
16	New Position Limit / Daily Index Constituent Cash Equity Market Turnover	22.856%

Contract Name	Rule Chapter	Commodity Code	Contract Size	Contract Units
DJ US REAL ESTATE INDEX FUTURES	30	JR		100 dollars time

Type	Settlement	Group	Diminishing Balance Contract	Reporting Level	Position Limit in Shipping Certificates, Warehouse Receipts
Futures	Financially Settled Futures	CBT EQUITY		200	

Spot-Month						
Spot month position comprised of future and deliveries	Spot-Month	Spot-Month	Spot-Month	Spot-Month	Spot-Month	Initial Spot-Month
	Aggregate Into	Aggregate	Aggregate Ratio	Aggregate Ratio	Aggregate Ratio	Limit (In Net
	Futures	Into Futures	Into Futures	Into Futures	Into Futures	Futures
	Equivalent Leg (1)	Equivalent Leg (2)	Equivalent Leg (1)	Equivalent Leg (2)	Accountability Level	Equivalent Leg (1)/ Leg (2)

		Second Spot-Month			
	Spot-Month	Second Spot-	Second	Single Month	Single Month
Initial Spot-	Limit (In	Month Limit (In	Month	Aggregate Into	Aggregate Into
Month Limit	Contract	Net Futures	Limit	Futures Equivalent	Futures Equivalent
Effective Date	Units)	Equivalents)	Effective	Leg (1)	Leg (2)
			Date		

Single Month

		Single Month Accountability Level (In Net Futures Equivalents) Leg (1) / Leg (2)	Single Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)	"Intra Crop Year Spread Allowan ce"	All Month Limit Aggregate Into Futures Equivalent Leg (1)
Single Month Aggregate Ratio Into Leg (1)	Single Month Aggregate Ratio Into Leg (2)				

All Month

	All Month	All Month	All Month	All Month
All Month Limit	Aggregate Ratio	Aggregate Ratio	Accountability Level (In	All Month Limit
Aggregate Into	Into Futures	Into Futures	Net Futures	(In Net Futures
Futures Equivalent	Equivalents Leg	Equivalents	Equivalents) Leg (1) /	Equivalents)
Leg (2)	(1)	Leg (2)	Leg (2)	Leg (1) / Leg (2)
				5,000 <u>10,000</u>