



Via Electronic Mail to submissions@cftc.gov; secretary@cftc.gov; and dmosubmissions@cftc.gov

October 4, 2013

Ms. Melissa Jurgens
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Security Futures Products Rule Submission and Emergency Rule Certification –
Emergency Confirmation of Current Block Trading Rule 417

Dear Ms. Jurgens:

Pursuant to section 5c(c)(1) of the Commodity Exchange Act, as amended (the “Act”), and § 40.6, § 41.24, and § 40.1(h) of the regulations promulgated by the Commodity Futures Trading Commission (the “CFTC” or the “Commission”) under the Act, submitted herewith is an emergency rule filing that confirms that OneChicago, LLC’s (“OneChicago,” “OCX,” or the “Exchange”) September 25, 2013, version of Rule 417 remains in effect. Yesterday, in the midst of the federal government shutdown, OCX was notified by the U.S. Securities and Exchange Commission (“SEC”) that the SEC interprets that OCX’s Rule 417 has reverted back to its September 24, 2012, version, which would have the effect of increasing our minimum block size to 100 contracts.

I. Background

In September 2012, after consultation with the CFTC, OCX embarked on a pilot program in order to observe the effects of reducing its minimum block trade size from 100 contracts to 25 contracts. Accordingly OCX modified its Rule 417 to decrease the minimum block trade size to 25 contracts, and committed to review its rule modification after six months to determine if the new block trade size was appropriate. Six months later, OCX filed with the Commission to confirm its new minimum block trade size of 25 contracts, and extend its pilot program for an additional six months. Throughout this time period, OCX has continued to provide the Commission staff with monthly reports detailing the results of the pilot program. Those results have consistently supported OCX’s assertion that the decreased block size would not harm our markets. On

September 20, 2013, OCX filed with the Commission to reconfirm its minimum block trade size of 25 contracts. That rule certification is currently under 10-day review, which is being tolled each day the federal government remains shut down.

Due to the nature of OCX's security futures products as both securities and futures, OCX is dually regulated by the CFTC and the SEC. It can be appreciated that this scheme of dual-regulation may from time-to-time yield inconsistent interpretations and practices between the two regulatory agencies. OCX is now confronted with one such issue. As of October 3, 2013, the SEC has informed OCX that it believes OCX's pilot program ended on September 25, 2013, and OCX's minimum block trade size automatically reverted to 100 contracts because OCX failed to allow sufficient time for a ten-day review when it filed its September 20, 2013, reconfirmation with the CFTC.

However, OCX's September 2012 and March 2013 filings provided for a period in which OCX will conduct an analysis of its block size, and then will submit a new rule filing to change its minimum block trade size from 25 contracts to some other level, or to maintain the 25 contract minimum. Accordingly, OCX's program was not intended to automatically revert Rule 417 to its prior form and block size upon expiry of the pilot program. Rather, the program required OCX to conduct an analysis once the pilot program ended, and then submit a new rule filing to change or not to change the minimum block trade size.

The federal government shutdown has had a negative impact on the ability of OCX, the CFTC, and the SEC to resolve this jurisdictional dispute. Recognizing this fact, OCX believes it is necessary and proper to file this emergency continuation of its current Rule 417 to provide regulatory certainty. Failure to establish regulatory certainty for OCX's market participants may result in harm to those participants. In order to protect fair and orderly trading in its marketplace and to address this jurisdictional dispute while the federal government remains shut down, OCX is submitting this emergency rule certification to certify its Rule 417 as currently in effect in its Rulebook until ten days after the federal government restores normal operations, during which time period OCX will work with its regulators to confirm its minimum block trade size. Rule 417, as currently in effect, is attached as Attachment A.

II. Emergency Rule Certification

CFTC Regulation 40.1(h) defines an Emergency as "any occurrence or circumstance that, in the opinion of the governing board of a registered entity, or a person or persons duly authorized to issue such an opinion on behalf of the governing board of a registered entity under circumstances and pursuant to procedures that are specified by rule, requires immediate action and threatens or may threaten such things as the fair and orderly trading in . . . any agreements, contracts, swaps or transactions . . ." ¹ OCX Rule 128 defines an Emergency as "any occurrence or circumstance, which requires immediate action and threatens or may threaten the fair and orderly trading in, or the liquidation of or delivery pursuant to, any Contract." OCX Rule 420 grants its Chief Executive Officer ("CEO")

¹ 17 CFR § 40.1(h)

the authority to place into immediate effect for up to 30 Business Days a temporary emergency rule if the CEO determines that an Emergency exists. Rule 420(a)(x) allows the CEO to modify or suspend any provision of the Rules of the Exchange.

In the absence of this emergency filing, market participants may be unclear as to what OCX's minimum block size is. Further, if the SEC prevails in its viewpoint that OCX's Rule 417 automatically reverted to its previous form on September 26, 2013, with no rule filing or sufficient notice to our market participants, there would be disorder in our marketplace.

There will be no operational impact related to this emergency continuation. OCX's Rulebook will remain unchanged from its current form. OCX is proposing no additional rule changes. The purpose of this emergency filing is to continue OCX operations as they have been since September 25, 2012, maintain OCX Rule 417 in its current form, and protect fair and orderly trading on OCX's marketplace.

Comments on the OCX proposed extension have not been solicited and none have been received.

On behalf of OCX, I hereby certify that a copy of the submission has been posted on the OCX website at http://www.onechicago.com/?page_id=8917.

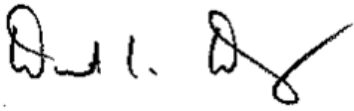
On behalf of OCX, I hereby further certify that the amendment complies with the Act and the regulations promulgated thereunder.

This emergency filing complies with Core Principle 4, which requires DCMs to prevent market disruption, because allowing our Rule 417 to automatically revert without prior notice would cause disruption to our marketplace. This filing also complies with Core Principle 6, which requires a DCM to adopt rules to provide for the exercise of emergency authority, because OCX is currently exercising such emergency authority to maintain compliance with the Core Principles generally. Finally, this filing complies with Core Principle 7, which requires a DCM make available to all market participants and the public accurate information concerning the rules, regulations, and mechanism for executing transactions on or through the facilities of the contract market, because without this filing, market participants will face regulatory uncertainty as to OCX's minimum block trade size.

* * * *

If you have any questions or comments regarding the content of this correspondence, please feel free to contact me by phone at (312) 424-8520 or through e-mail at ddowney@onechicago.com.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "D.G. Downey", with a stylized flourish at the end.

David G. Downey
Chief Executive Officer
OneChicago, LLC

Cc: Nancy Markowitz, Commodity Futures Trading Commission
Rachel Berdansky, Commodity Futures Trading Commission
David Van Wagner, Commodity Futures Trading Commission

Attachment A

417. Block Trading

(a) Clearing Members, Exchange Members and Access Persons may enter into transactions at reasonable prices mutually agreed, with respect to Contracts that have been designated by the Exchange for such purpose, provided all of the following conditions are satisfied (such transactions, “Block Trades”):*

(i) Each buy or sell order underlying a Block Trade must (A) state explicitly that it is to be, or may be, executed by means of a Block Trade and (B) be for at least 25 Contracts; *provided* that only (x) a commodity trading advisor registered under the CEA, (y) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the CEA and Commission Regulations thereunder and (z) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States of America in which the Exchange may be permitted from time to time to operate OneChicago Workstations, in each case with total assets under management exceeding US\$25 million, may satisfy this requirement by aggregating orders for different accounts.

(ii) Each party to a Block Trade must qualify as an “eligible contract participant” (as such term is defined in Section 1a(18) of the CEA); *provided* that, if the Block Trade is entered into on behalf of a Customer by a Clearing Member or, if applicable, Exchange Member or Access Person that is (A) a commodity trading advisor registered under the Act, (B) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the Act and Commission Regulations thereunder or (C) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States of America in which the Exchange may be permitted from time to time to operate OneChicago Workstations, in each case with total assets under management exceeding US\$25 million, then only such commodity trading advisor or investment adviser, but not the individual Customers, need to so qualify.

(b) Each party to a Block Trade shall comply with all applicable Rules of the Exchange other than those which by their terms only apply to trading through the OneChicago System.

* Amended June 15, 2011

(c) Each Block Trade shall be designated as such, and cleared through the Clearing Corporation as if it were a transaction executed through the OneChicago System. Information identifying the relevant Contract, contract month, price, quantity, time of execution, counterparty Clearing Member for each Block Trade and, if applicable, the underlying commodity must be reported to the Exchange without delay. The Exchange will publicize information identifying the trade as a Block Trade and identifying the relevant Contract, contract month, price, quantity for each Block Trade and, if applicable, the underlying commodity immediately after such information has been reported to the Exchange.

(d) Each Clearing Member, Exchange Member and Access Person that is party to a bilateral Block Trade shall record the following details on its order ticket: the Contract (including the delivery or expiry month) to which such Block Trade relates; the number of Contracts traded; the price of execution; the time of execution; the identity of the counterparty; and, if applicable, details regarding the Customer for which the Block Trade was executed and the underlying commodity. A Clearing Member or, if applicable, Exchange Member or Access Person may execute an Order placed for a non-discretionary Customer account by means of a Block Trade only if the Customer has previously consented thereto. Upon request by the Exchange, such Clearing Member, Exchange Member or Access Person shall produce satisfactory evidence, including the order ticket referred to in the preceding sentence, that the Block Trade meets the requirements set forth in this Rule 417.

Each OCX.BETS authorized trade reporter entering block orders into OCX.BETS shall input for each block order: the price, quantity, product, expiration month, account origin code and account designation.

With respect to block orders which are capable of being immediately entered into OCX.BETS, no record other than that set forth above in the proceeding paragraph need be made. However, if an authorized trade reporter receives a block order which cannot be immediately entered into OCX.BETS, the authorized trader reporter must prepare a written order and include the account designation, date, time of receipt, buy or sell, the Contract (including the delivery or expiry month), the number of Contracts, and the requested price. The order must be entered into OCX.BETS when it becomes executable or when it has been privately negotiated.

(e) No natural person associated with a Clearing Member, Exchange Member or Access Person that has knowledge of a pending

Block Trade of such Clearing Member, Exchange Member or Access Person, or a Customer thereof, may enter an Order or execute a transaction, whether for his or her own account or, if applicable, for the account of a Customer over which he or she has control, for or in the Contract to which such Block Trade relates until after (i) such Block Trade has been reported to and published by the Exchange and (ii) any additional time period from time to time prescribed by the Exchange in its block trading procedures or contract specifications has expired.

(f) No natural person associated with a Clearing Member, Exchange Member or Access Person that has knowledge of a pending block trade of such Clearing Member, Exchange Member or Access Person, or a Customer thereof, on any other exchange or trading system, may enter an Order or execute a transaction on the Exchange, whether for his or her own account or, if applicable, for the account of a Customer over which he or she has control, for any Contract which has the same underlying security as the contract to which such block trade relates until after (i) such block trade is reported and published in accordance with the rules, procedures or contract specifications of such exchange or trading system and (ii) any additional time period prescribed by the Exchange in its block trading procedures or contract specifications has expired

(g) Any Block Trade in violation of these requirements shall constitute conduct which is inconsistent with just and equitable principles of trade.

Block trades can be competitively executed on the OCX.BETS system by placing anonymous bids or offers. Alternatively, block trades can be privately negotiated and reported as bilateral transactions using the OCX.BETS system.