



December 6, 2013

**VIA E-MAIL**

Ms. Melissa Jurgens  
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) Rule Certification. Chicago Mercantile Exchange Inc., The Board of Trade of the City of Chicago, Inc., New York Mercantile Exchange, Inc. and Commodity Exchange, Inc.  
Submission # 13-555: Revisions to Rule 559 ("Position Limits and Exemptions")**

Dear Ms. Jurgens:

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") are notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that they are self-certifying revisions to each Exchange's Rule 559 ("Position Limits and Exemptions") which will become effective on December 23, 2013.

Rule 559 currently requires a party establishing an exemption-eligible position to file the exemption request with the Market Regulation Department within one (1) day unless the Market Regulation Department expressly approves a later filing which cannot exceed five (5) business days.

The revision to each Exchange's Rule 559 is intended to provide market participants the ability to apply for an exemption from position limits up to five (5) days after assuming a position in excess of speculative position limits without having the position in excess of the limits constitute a violation of the Rule. The Exchanges have found that there are instances where market participants hold exemption-eligible positions and have not been able to file the exemption application within the one business day window as currently required. This is due to a number of extraneous factors such as being a foreign entity or not becoming aware of an overage until after one business day due to the complexity of monitoring intraday positions. The change to the rule will allow the Exchange to require a more prompt filing of an exemption request and the Market Regulation Department will use this provision where deemed necessary.

The revision to Rule 559 appears in Exhibit A, with additions underscored and deletions overstruck.

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 ("Act"). During the review, we have identified that the revisions to Rule 559 may have some bearing on the following Core Principle:

Position Limitations or Accountability: This Core Principle requires the Exchanges to adopt as necessary and appropriate, position limitations for speculators. The Exchanges have historically permitted exemptions from position limits under a variety of circumstances as set forth in Rule 559. The revision to Rule 559 extends from one (1) business day to (5) business days the time period during which a market participant that establishes an exemption-eligible position to file the required exemption request form with the Market Regulation Department. The change to Rule

559 will have no impact on the Exchanges' ability to continue to review and enforce established position limits, and the Rule also permits the Exchanges to require an earlier filing where deemed necessary. The revisions to Rule 559 remain in compliance with this Core Principle.

Availability of General Information: The marketplace will be apprised of the revisions to Rule 559 via a Special Executive Report that will be issued prior to the revisions becoming effective.

The Exchanges certify that the revisions to Rule 559 comply with the Act and regulations thereunder. There were no opposing views to this proposal.

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

If you have any questions regarding this submission, please contact Robert Sniegowski, Market Regulation, at 312.341.5991 or via email at [Robert.Sniegowski@cmegroup.com](mailto:Robert.Sniegowski@cmegroup.com). Alternatively, you may contact me at 212.299.2200 or via email at [Christopher.Bowen@cmegroup.com](mailto:Christopher.Bowen@cmegroup.com). Please reference CME/CBOT/NYMEX/COMEX Submission # 13-555 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director & Chief Regulatory Counsel

Attachment: Exhibit A – Revisions to Rule 559

## Exhibit A

(additions are underlined, deletions are ~~overstruck~~)

### 559. POSITION LIMITS AND EXEMPTIONS

The position limit levels applicable to those contracts with position limits are set forth in the Position Limit, Position Accountability and Reportable Level Table ("Table") in the Interpretations Section at the end of Chapter 5.

A person seeking an exemption from position limits must apply to the Market Regulation Department on forms provided by the Exchange. In order to obtain an exemption from position limits, a person must:

[Numbers 1. – 9. are unchanged.]

A person intending to exceed position limits, including limits established pursuant to a previously approved exemption, must file the required application and receive approval from the Market Regulation Department prior to exceeding such limits. However, a person who establishes an exemption-eligible position in excess of position limits and files the required application with the Market Regulation Department shall not be in violation of this rule provided the filing occurs within one (1) five (5) business days after assuming the position except in circumstances where the Market Regulation Department requires a person to file prior to the fifth business day~~has expressly approved a later filing which may not exceed five (5) business days~~. In the event the positions in excess of the limits are not deemed to be exemption-eligible, the applicant and clearing firm will be in violation of speculative limits for the period of time in which the excess positions remained open.

The Market Regulation Department shall, on the basis of the application and any requested supplemental information, determine whether an exemption from position limits shall be granted. The Market Regulation Department may approve, deny, condition or limit any exemption request based on factors deemed by the Department to be relevant, including, but not limited to, the applicant's business needs and financial status, as well as whether the positions can be established and liquidated in an orderly manner given characteristics of the market for which the exemption is sought.

Nothing in this rule shall in any way limit (i) the authority of the Exchange to take emergency action; or (ii) the authority of the Market Regulation Department to review at any time the positions owned or controlled by any person and to direct that such position be reduced to the position limit provided for in the Table.

A person who has received written authorization from the Market Regulation Department to exceed position limits must annually file an updated application not later than one year following the approval date of the most recent application. Failure to file an updated application will result in expiration of the exemption.

[The remainder of the Rule is unchanged.]