

OneChicago ✕

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

December 27, 2012

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

Received
CFTC
2012 DEC 27 PM 1:57
Office of the
Secretariat

Re: Revisions to OneChicago Rule 416, Exchange of Future for Physical

Dear Ms. Warfield:

Pursuant to section 5c(c)(1) of the Commodity Exchange Act, as amended (the "Act"), and section 41.24 of the regulations promulgated by the Commission under the Act, submitted herewith is an amendment to OneChicago, LLC ("OneChicago") Rule 416, Exchange of Future for Physical. This revision adds clarity that the Exchange of Future for Physical ("EFP") consists of a futures component and an underlying stock component combined into a single transaction reasonably priced at the difference between the futures leg and the underlying stock leg.

The proposed revisions are included as Attachment A. Deleted text is shown by a strikethrough (---) and new text is underlined (___). This amendment will become effective on January 14, 2013.

The amendment supports Core Principle 2 – Compliance with Rules, Core Principle 4 – Prevention of Market Disruption, and Core Principle 9 – Execution of Transactions. The amendment supports these Core Principles as it better defines an EFP transaction; therefore reducing ambiguity for which transaction qualify as EFP and which transactions would need to be executed as regular single stock future trades.

There is no new operational impact related to the amendment.

Comments on the OneChicago proposed rule change have not been solicited and none have been received. The Regulatory Oversight Committee has reviewed and approved these changes.

On behalf of OneChicago, I hereby certify that a notice of pending rule certification with the Commission and a copy of the submission has been posted on the OneChicago website at http://www.onechicago.com/?page_id=8917

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas G. McCabe", with a horizontal line extending to the right.

Thomas G. McCabe
Chief Operating Officer
OneChicago, LLC

Encl: Attachment A

Attachment A

416. Exchange of Future for Physical

(a) A *bona fide* Exchange of Future for Physical may be entered into with respect to any Contract in accordance with the applicable trading increments set forth in the rules governing such Contract, at a reasonable price mutually agreed upon by the parties to such transaction. Each Exchange of Future for Physical must contain the following four essential elements:

(i) A Futures transaction and a transaction in the underlying security that are integrally related; and combined into a single transaction with two legs

(a.) One leg being the Futures and the other leg being the underlying security

(b.) Priced as a differential between the Futures and the underlying security.

(ii) An exchange of Futures for the underlying security where the Futures provide for the transfer of ownership of such security to the cash buyer upon performance of the terms of such Futures, with delivery to take place within a reasonable time thereafter, in accordance with prevailing cash market practice; and

(iii) Separate parties, such that the accounts involved on each side of the Exchange of Future for Physical have different beneficial ownership or are under separate control.

~~(b)~~(iv) In every Exchange of Future for Physical, one party must be the buyer of the security and the simultaneous seller of the corresponding Futures and the other party must be the seller of the security and the simultaneous buyer of the corresponding Futures. Further, the quantity of the security traded in an Exchange of Future for Physical must be equivalent to the quantity of the security represented by the Futures portion of the transaction.

- (eb) The trading day for Exchange of Future for Physical transactions with respect to any Contract shall be as set forth in the rules governing such Contract.
- (ec) Each Exchange of Future for Physical shall be designated as such, and cleared through the Clearing Corporation as if it were a transaction executed through the OneChicago System.
- (ed) Each Clearing Member or Exchange Member involved in any Exchange of Future for Physical shall maintain records evidencing compliance with the criteria set forth in this Rule 416. Upon request, each such Clearing Member or Exchange Member shall provide documentation evidencing the underlying cash transaction to the Exchange.
- (fe) An Exchange Member or Access Person authorized by a Clearing Member, whose bid or offer for an Exchange of Future for Physical is matched to a counterparty by OCX.BETS, is obligated to complete the transaction including the submission of the securities portion of the transaction to the market centers, as defined in Exchange Act Regulation § 600(b)(38), designated by the Exchange unless some other provision of these Rules provides otherwise.