CME Group

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

May 30, 2014

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)/CFTC Regulation 40.4(b)(5) Non-Material Agricultural Rule Change. Addition of CME Globex Trading and CME ClearPort Clearing Venues to Soybean Board Crush Spread Options Contract.
CBOT Submission No. 14-183

Dear Ms. Jurgens:

The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") is self-certifying non-material rule amendments to list Soybean Board Crush Spread Options (Rulebook chapter 11C) for trading on the CME Globex electronic trading platform and for submission for clearing through CME ClearPort. These amendments will be implemented on Sunday, June 15 for trade date Monday, June 16, 2014. Soybean Board Crush Spread Options are currently available for trading exclusively on the CBOT trading floor venue.

The option has been certified with the Commodity Futures Trading Commission ("CFTC" or "Commission") and was initially listed for trading in February of 2006. CFTC Regulation 40.4(a) requires that terms and condition amendments to "a contract for future delivery in an agricultural commodity enumerated in Section 1a(9) of the Act, or of an option on such a contract" be approved by the Commission if material and if the contract has open interest. The proposed amendments do affect option expirations with open interest and may potentially be viewed as amendments to the option's terms and conditions. However, since the option is based on Soybean, Soybean Meal and Soybean Oil futures, which overlay commodities enumerated in Section 1a(9) of the Commodity Exchange Act ("CEA" or "Act"), and because the amendments are non-material, the Exchange is submitting the amendments under CFTC Regulation 40.4(b)(5) ("Non-Material Agricultural Rule Change") and CFTC Regulation 40.6(a) instead of seeking Commission approval.

Over the past five (5) years, the trading of electronic soybean complex options on CME Globex has seen explosive growth. The share of electronic option trading has grown from less than 5% in 2009 to approximately 55% for Soybean, 50% for Soybean Oil, and 25% for Soybean Meal, respectively, in 2014. In addition, the relevant futures contracts are highly liquid contracts. Listing Soybean Board Crush Spread Options for trading on CME Globex and for submission for clearing through CME ClearPort will meet customers' growing demand for electronic trading and provide customers with additional clearing functionalities.

For these reasons, the listing of the Soybean Board Crush Spread Option for electronic trading on CME Globex is a natural extension of open outcry trading and will have no material or negative impact on trading or any prices. Likewise, the submission of options for clearing through CME ClearPort is merely an additional clearing alternative. Given the specific attributes of the option, the amendments proposed herein are non-material changes for the purposes of Section 5c(c)(4)(B) of the Act and Commission Regulation 40.4.

The Exchange is also self-certifying the insertion of the non-reviewable ranges ("NRR") for the option contract into Rule 588.H. (See Appendix C: Rule 588.H – Non-reviewable Range Table).

A complete list of the product contract specifications are set forth in Appendix A. In addition, the terms and conditions for the contract in the Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the CBOT Rulebook in relation to this existing contract shall remain unchanged.

The Exchange business staff responsible for this initiative and the Legal Department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Act. During the review, the Exchange staff identified that the amendments may impact the following Core Principles:

- Compliance with Rules – Trading in this contract will be subject to the rules in CBOT Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in these contracts will also be subject to the full range of trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the CBOT Rulebook. As with all products listed for trading on one of CME Group's designated contract markets, activity in the product will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

- Contracts not Readily Susceptible to Manipulation – The product is not readily susceptible to manipulation due to the deep liquidity and robustness in the underlying futures market, which provides diverse participation and sufficient transactions to support the final settlement.

- Prevention of Market Disruption – Trading in this contract will be subject to CBOT Rulebook Chapters 4 and 11C which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group's designated contract markets, activity in the product will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department.

- Position Limitations or Accountability – Listing Soybean Board Crush Spread Options on new trading and clearing venues will not change the speculative position limits specified for this product.

- Availability of General Information – The Exchange will publish information on Soybean Board Crush Spread Options terms and conditions, trading rules and specifications on its website. CME will advise the marketplace of the changes via the issuance of a Special Executive Report.

- Daily Publication of Trading Information – Trading volume, open interest, and price information for the products will be published daily on the CME Group website.

- Execution of Transactions – The contract will be dually listed for trading on CME Globex and on the CBOT trading floor for open outcry trading, and for clearing through the CME ClearPort platform. The CME ClearPort platform provides a competitive, open and efficient mechanism for novating transactions that are competitively executed by brokers. The CME Globex platform provides a transparent, open, and efficient mechanism to electronically execute trades on screen. In addition, the CBOT trading floor is available as an additional venue to provide for competitive and open execution of transactions.

- Trade Information – Trade information for this product will be collected and maintained in the same way as for other exchange-traded futures and Options contracts. All required trade information is included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.

- Financial Integrity of Contracts – All contracts traded on the Exchange will be cleared by the CME Clearing House which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.

- Protection of Market Participants – CBOT Rulebook Chapters 4 and 5 contain multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange's competitive trading venues and will be applicable to transactions in this product.

- Disciplinary Procedures – Chapter 4 of the CBOT Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the rules. Trading in this contract will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in this product are identified.

- Dispute Resolution – Disputes with respect to trading in this contract will be subject to the arbitration provisions set forth in Chapter 6 of the CBOT Rulebook. The rules in Chapter 6 allow all nonmembers to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a nonmember is required to participate in the arbitration pursuant to the rules in Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.6(a) and 40.4(b)(5), the Exchange hereby certifies that the new listing comply with the Act, including regulations under the Act. The Exchange is not aware of any substantive opposing views to this proposal.

The Exchange certifies 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 me at 212-299-2200 or via e-mail at Christopher.Bowen@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments:	Appendix A:	Contract Specifications
	Appendix B:	Fee Schedule
	Appendix C:	Rule 588.H – Non-reviewable Range Table

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Appendix A

CBOT Rulebook Chapter 11C

Soybean Board Crush Spread Options
Contract Specifications

Product	One option on the CBOT Soybean Crush spread. The Soybean Crush is calculated using the formula: Soybean Meal in $/ton x 0.022 + Soybean Oil in ¢/lb x 11 - Soybeans in $/bu	
Contract Unit	50,000 bushels	
Pricing Unit	Dollar and cents per bushel	
Tick Size (minimum fluctuation)	1/8 of one cent per bushel ($62.50 per contract)	
Strike Price Intervals	2 cents per bushel (e.g. $0.48, $0.50, $0.52)	
Contract Months	Eight standard delivery months with the following Soybean Crush combinations (note: the Oct. and Dec. Crush combinations use different months for the Soybeans than for the Soybean Meal and Soybean Oil): Crush: Jan. Mar. May July Aug. Sept. Oct. Dec. Soybeans: Jan. Mar. May July Aug. Sept. Nov. Nov. Meal/Oil: Jan. Mar. May July Aug. Sept. Oct. Dec.	
Daily Price Limit	There is no daily price limit any day.	
Last Trade Date	Friday (or business day) identical to the earliest expiration of Soybeans or Soybean Meal and Soybean Oil options, i.e., the last Friday which precedes by at least two business days, the last business day of the month preceding the option month.	
Exercise	All in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Services Provider, based on the settlement prices of the underlying components of the Soybean Crush. **Call (Put) Exercise:** **Long (Short)** 11 Soybean Meal futures at the settlement price rounded to the nearest $2.50 per ton. **Long (Short)** 9 Soybean Oil futures at the settlement prices rounded to the nearest $0.0025 per pound. **Short (Long)** 10 Soybean futures at a price equal to Soybean Meal in $/ton x 0.022 + Soybean Oil in ¢/lb x 11 – Soybean	
Trading Hours	CME Globex (Electronic Platform)	Sunday – Friday, 7:00 p.m. – 7:45 a.m. CT and Monday – Friday, 8:30 a.m. – 1:15 p.m. CT
	Open Outcry	Monday – Friday, 8:30 a.m. – 1:15 p.m. CT
	ClearPort	5:00 pm – 4:15 pm CT, Sunday – Friday with a 45-minute break each day beginning at 4:15 pm CT
Product Ticker Symbols	Open Outcry (Trading Floor)	BC for calls/BP for puts BCX=Clearing
	CME Globex (Electronic Platform)	BCE

Exchange Rule	These contracts are listed with, and subject to, the rules and regulations of CBOT.

Appendix B

Fee Schedule

Level	Account Owner	Execution Type	Platform	Exchange Fee
Individual Member				
1	Individual Members	Member Trading Own Account	Open Auction	$0.54
			Electronic	$0.84
	Individual Delegates	Delegate Trading Own Account	Open Auction	$0.69
			Electronic	$0.90
Equity Members (Individual Equity members, Clearing Firms and Equity Firms)				
2	Equity Members [1]	Member or Delegate	Open Auction	$0.54
			Electronic	$0.84
	Equity Members [1]	Non Member	Open Auction	$0.54
			Electronic	$1.80
	(Exception) Rule 106.S. Family of Funds Equity Member Firms	Member, Delegate or Non Member	Open Auction	$0.54
			Electronic	$1.80

1 1 - Clearing Closely Held Corporate Members & Sole Proprietors, Rule 106.J. Equity Closely Held Corporate Members & Rule 106.I. Affiliate Equity Member Firms, Individual Equity Members (other member/delegate executing), Clearing FCMs, Rule 106.J. Equity FCMs, Clearing Corporate Members, Rule 106.J. Equity Corporate Members & Rule 106.I. Affiliate Equity Member Firm (Affiliate of Clearing FCM, Clearing Corporate Member or Rule 106.J Equity FCM or Equity Corporate Member), Rule 106.I. Affiliate Membership Umbrella - Qualified Affiliate - Unlimited Number of Affiliates

(Execution Not a Factor in Membership Types Below)

Level	Account Owner	Platform	Exchange Fee
Trading Members (Individual Non-Equity Members and Non-Equity Member Firms)			
3	Individual Non-Equity Members (other member/delegate executing); Rule 106.H. Corporate Trading Firms; Rule 106.H. Trading FCMs; & Rule 106.I. Affiliate Trading Member Firms	Open Auction	$0.60
		Electronic	$2.25
	Individual Delegates (Other Member or Delegate executing the trade) & Rule 106.I. Affiliate Trading Member Firms	Open Auction	$0.75
		Electronic	$2.70
	Rule 106.S. Family of Funds Equity Member Firms	Open Auction	$0.60
		Electronic	$2.25
Electronic Corporate Member Firms			
4	Electronic Corporate Members	Electronic	$3.00
Non Members			
5	Int'l; Asian; Latin American Bank & Latin American Fund Manager Incentive Programs	Electronic	$3.00
	Non Members	Open Auction	$6.00
		Electronic	$7.24

Other CBOT Processing Fees	Rate
Ex-Pit Surcharges (EFP)	$0.75
Ex-Pit Surcharges (EFR)	$1.25
Fungibility & Directed Fungibility Surcharge (currently applies to Dow and Ag)	$0.20
Exchange Fees for Non Trades	$0.05/$0.20/$0.50
Brokerage Fees – with discretion	$0.00/$0.15
Brokerage Fees – without discretion	$0.04/$0.17
Clearing Fees [2]	$0.06
Position Adjustments /Position Transfers	$0.10
Exercise/Assignment Surcharge	$0.05
Future from Exercise and Assignment Surcharge	$0.05

2 Clearing Fee - Contracts Cleared (including give-ups, OTC, EFPs, EFSs & EFRs, and Blocks)

Current Fee Programs	(Inclusion/Exclusion)
Ag Back Month Program	Excluded
Ag Volume Discount Program (General and Market Marker)	Excluded
Interest Rate Volume Discounts	N/A
Market Maker/Targeted Participant Program	Excluded
Fee Cap	Included
NTIP	Included
IVIP	Excluded
Extended Access Program	N/A

Product Eligibility

Exchange CBOT

Product Eligibility *(Seat Division)*	FULL	AM	GIM	COM	IDEM
	X	x		x	

Appendix C

CBOT Rule 588.H.

Non-Reviewable Range Table

Instrument	Bid/Ask Reasonability	Non-Reviewable Range (NRR)
Soybean Board Crush Spread Options	The greater of the delta times the underlying futures' non-reviewable range or 20% of the fair value premium up to the underlying futures' non-reviewable range with a minimum reasonability of $0.01	20% of premium up to 1/4 of the underlying futures' non-reviewable range with a minimum of 1 tick