



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

June 23, 2014

**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. Notification Regarding Delisting of Twelve (12) CME 10-Year Sovereign Yield Spread Futures Contracts. CME Submission No. 14-236**

Dear Ms. Jurgens:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or Commission) that it is self-certifying the delisting of twelve (12) 10-Year Sovereign Yield Spread Futures contracts (CME Rulebook Chapter 502 ("10-Year Sovereign Yield Spread Futures")) effective immediately as set out below:

50202.B.1.	US-UK (Commodity Code: SKV)
50202.B.2.	US-Germany (Commodity Code: SEV)
50202.B.3.	US-France (Commodity Code: SFV)
50202.B.4.	US-Italy (Commodity Code: STV)
50202.B.5.	US-Netherlands (Commodity Code: SDV)
50202.B.6.	UK-Germany (Commodity Code: KEV)
50202.B.7.	UK-France (Commodity Code: KFV)
50202.B.8.	UK-Italy (Commodity Code: KTV)
50202.B.9.	UK-Netherlands (Commodity Code: KDV)
50202.B.10.	Germany-France (Commodity Code: DFV)
50202.B.11.	Germany-Italy (Commodity Code: DTV)
50202.B.12.	Germany-Netherlands (Commodity Code: DNV)

These contracts will be delisted from CME Globex and CME ClearPort, the venues on which they are currently listed. There is no open interest in these contracts.

CME business staff responsible for the delisting of the contracts 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, CME staff identified that the delisting of the contracts may have some bearing on the following Core Principles:

- **Emergency Authority**: There is no open interest in these contracts, and therefore there will be no market disruption related to their delisting.
- **Availability of General Information**: Notice will be made of the contracts' delisting, and upon delisting, the terms and conditions of these contracts will no longer be available to the marketplace.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the trading venue change complies with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

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

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at [Christopher.Bowen@cmegroup.com](mailto:Christopher.Bowen@cmegroup.com).

Sincerely,

/s/Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments:

- Appendix A – CME Rulebook Revision (blackline format)
- Appendix B – Amendments to NYMEX Position Limit Table (under separate cover)

## Appendix A

(~~strikethrough denotes deletion~~)

### ~~CME Chapter 502~~ ~~10-Year Sovereign Yield Spread Futures~~

#### ~~50200. SCOPE OF CHAPTER~~

~~This chapter is limited in application to 10-Year Sovereign Yield Spread futures. In addition to this chapter, 10-Year Sovereign Yield Spread futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.~~

~~For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.~~

#### ~~50201. CONTRACT SPECIFICATIONS~~

~~Each futures contract shall be for the difference, as of the termination of trading in such contract (Rule 50202.C.), between the yield to maturity on Reference Bonds issued by one sovereignty and the yield to maturity on Reference Bonds issued by a second sovereignty (Rule 50203.A.).~~

#### ~~50202. TRADING SPECIFICATIONS~~

##### ~~50202.A. Trading Schedule~~

~~Contracts shall be scheduled for trading during such hours, and for delivery in such months, as may be determined by the Exchange.~~

##### ~~50202.B. Trading Unit~~

~~For any contract for a given delivery month, the trading unit shall be the differential between the yield to maturity (Rule 50203.A.4.) on a notional sold position in Reference Bonds (Rule 50203.A.2.) issued by one sovereignty ("Sold Nation") and the yield to maturity on a notional bought position in Reference Bonds issued by a second sovereignty ("Bought Nation").~~

##### ~~50202.B.1. US-UK~~

~~For US-UK 10-Year Sovereign Yield Spread Futures, the trading unit shall be such that the United States of America ("United States") is identified as Bought Nation, and the United Kingdom is identified as Sold Nation.~~

##### ~~50202.B.2. US-Germany~~

~~For US-Germany 10-Year Sovereign Yield Spread Futures, the trading unit shall be such that the United States is identified as Bought Nation, and Germany is identified as Sold Nation.~~

##### ~~50202.B.3. US-France~~

~~For US-France 10-Year Sovereign Yield Spread Futures, the trading unit shall be such that the United States is identified as Bought Nation, and France is identified as Sold Nation.~~

##### ~~50202.B.4. US-Italy~~

~~For US-Italy 10-Year Sovereign Yield Spread Futures, the trading unit shall be such that the United States is identified as Bought Nation, and Italy is identified as Sold Nation.~~

##### ~~50202.B.5. US-Netherlands~~

~~For US-Netherlands 10-Year Sovereign Yield Spread Futures, the trading unit shall be such that the United States is identified as Bought Nation, and the Netherlands is identified as Sold Nation.~~

##### ~~50202.B.6. UK-Germany~~

~~For UK-Germany 10-Year Sovereign Yield Spread Futures, the trading unit shall be such that the United Kingdom is identified as Bought Nation, and Germany is identified as Sold Nation.~~

##### ~~50202.B.7. UK-France~~

~~For UK-France 10-Year Sovereign Yield Spread Futures, the trading unit shall be such that the United Kingdom is identified as Bought Nation, and France is identified as Sold Nation.~~

**50202.B.8. —UK-Italy**

For UK Italy 10-Year Sovereign Yield Spread Futures, the trading unit shall be such that the United Kingdom is identified as Bought Nation, and Italy is identified as Sold Nation.

**50202.B.9. —UK-Netherlands**

For UK Netherlands 10-Year Sovereign Yield Spread Futures, the trading unit shall be such that the United Kingdom is identified as Bought Nation, and the Netherlands is identified as Sold Nation.

**50202.B.10. —Germany-France**

For Germany France 10-Year Sovereign Yield Spread Futures, the trading unit shall be such that Germany is identified as Bought Nation, and France is identified as Sold Nation.

**50202.B.11. —Germany-Italy**

For Germany Italy 10-Year Sovereign Yield Spread Futures, the trading unit shall be such that Germany is identified as Bought Nation, and Italy is identified as Sold Nation.

**50202.B.12. —Germany-Netherlands**

For Germany Netherlands 10-Year Sovereign Yield Spread Futures, the trading unit shall be such that Germany is identified as Bought Nation, and the Netherlands is identified as Sold Nation.

**50202.C. —Price Basis**

Price shall be quoted in points, on the basis of 100 plus the yield to maturity on Sold Nation Reference Bonds minus the yield to maturity on Bought Nation Reference Bonds (Rules 50202.B. and 50203.A.).

For a contract of a given trading unit (Rule 50202.B.), each contract price point (1.000) shall be 100 basis points per annum of the spread between the Sold Nation Reference Bond Yield (Rule 50203.A.4.) and the Bought Nation Reference Bond Yield, and shall be equal to 10,000 currency units per contract, subject to Rule 50202.C.2.

*Example 1:* For a yield to maturity on Sold Nation Reference Bonds equal to 6.33 percent per annum and a yield to maturity on Bought Nation Reference Bonds equal 2.55 percent per annum, contract price would be quoted as 103.7800, equal to 100 plus 6.33 minus 2.55.

*Example 2:* For a yield to maturity on Sold Nation Reference Bonds equal to 6.33 percent per annum and a yield to maturity on Bought Nation Reference Bonds equal 12.55 percent per annum, contract price would be quoted as 93.7800, equal to 100 plus 6.33 minus 12.55.

**50202.C.1. —Minimum Price Fluctuation**

The minimum price fluctuation shall be one quarter of one hundredth of one contract price point (0.0025 price points), and shall be equal to 25 currency units (Rule 50202.C.2.).

**50202.C.2 —Currency Unit**

The currency unit shall be one Euro for any contract for which the trading unit is listed in Table 50202.C.2.a.

**Table 50202.C.2.a.**

Contract Trading Units for Which Currency Unit = 1 Euro (EUR)

Trading Unit Rule	Bought Nation	Sold Nation
50202.B.2	United States	Germany
50202.B.3	United States	France
50202.B.4	United States	Italy
50202.B.5	United States	Netherlands
50202.B.10	Germany	France
50202.B.11	Germany	Italy
50202.B.12	Germany	Netherlands

The currency unit shall be one UK Pound Sterling for any contract for which the trading unit is listed in Table 50202.C.2.b.

**Table 50202.C.2.b.**

Contract Trading Units for Which Currency Unit = 1 UK Pound Sterling (GBP)

Trading Unit Rule	Bought Nation	Sold Nation
50202.B.1	United States	United Kingdom
50202.B.6	United Kingdom	Germany
50202.B.7	United Kingdom	France
50202.B.8	United Kingdom	Italy
50202.B.9	United Kingdom	Netherlands

**50202.D. — Position Limits, Exemptions, Position Accountability and Reportable Levels**

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 550 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**50202.E. — [Reserved]**

**50202.F. — [Reserved]**

**50202.G. — Termination of Trading**

The last day of trading in an expiring contract for a given delivery month shall be the third Business Day preceding the tenth day of such delivery month, subject to Rule 50202.G.1.

Trading in an expiring contract shall terminate at 3:02 p.m. London time on the last day of trading.

**50202.G.1. — Business Day**

For the purposes of this chapter, "Business Day" shall mean any Exchange Business Day that is not a New York bank holiday, and that is not a London bank holiday, and that is not a European bank holiday as acknowledged by the Trans-European Automated Real-time Gross settlement Express Transfer ("TARGET") system.

**50202.H. — [Reserved]**

**50203. — SETTLEMENT PROCEDURES**

Delivery shall be made by cash settlement, subject to Rule 50203.B.

**50203.A. — Final Settlement Price**

For an expiring futures contract for a given delivery month, and for the two sovereignties that are identified, respectively, as Bought Nation and Sold Nation in such expiring contract's trading unit (Rule 50202.B.), Final Settlement Price shall be determined as follows:

$$\begin{aligned} \text{Final Settlement Price} = & \\ & 400 \\ & \text{plus Sold Nation Reference Bond Yield} \\ & \text{minus Bought Nation Reference Bond Yield.} \end{aligned}$$

For the purposes of this rule, Reference Bond(s) shall be as defined in Rule 50203.A.1. and Reference Bond Yield shall be as defined in Rule 50203.A.4.

For a contract of a given trading unit (Rule 50202.B.), the Final Settlement Price shall be rounded to the nearest 0.0001 contract price points ( $1/100^{\text{th}}$  of one basis point per annum of such contract trading unit), and shall be rounded up in the case of a tie.

**50203.A.1. — Reference Bonds**

For an expiring futures contract for a given delivery month, and for a given sovereignty that may be identified as either Bought Nation or Sold Nation in such expiring contract's trading unit (Rule 50202.B.);

~~all Reference Bonds that enter into determination of such contract's Final Settlement Price shall be bonds issued by such sovereignty that meet standards set forth in Rules 50203.A.2. and Rule 50203.A.3.~~

~~New issues of bonds by such sovereignty that satisfy these standards shall be added to the Reference Bonds for such sovereignty as they are issued. Notwithstanding the foregoing, the Exchange shall have the right to exclude any such new issue from the contract grade (Rule 50203.A.2.).~~

#### **50203.A.2. — Contract Grade**

##### **50203.A.2.a. United States**

~~A Reference Bond must be a US Treasury fixed-principal note which makes fixed semi-annual coupon payments, and which has original term to maturity (i.e., term to maturity at issue) of 10 years, and which has an outstanding amount no less than \$2 billion as of the first day of the expiring futures contract's delivery month.~~

##### **50203.A.2.b. United Kingdom**

~~A Reference Bond must be a conventional gilt, issued by the UK Debt Management Office, which makes fixed coupon payments, and which has an outstanding amount no less than £2 billion as of the first day of the expiring futures contract's delivery month.~~

##### **50203.A.2.c. Germany**

~~A Reference Bond must be a Bundesanleihe ("Bund"), issued by Bundesrepublik Deutschland Finanzagentur, which makes fixed coupon payments, and which has an outstanding amount no less than €2 billion as of the first day of the expiring futures contract's delivery month.~~

##### **50203.A.2.d. France**

~~A Reference Bond must be an obligation assimilable du Trésor ("OAT"), issued by Agence France Trésor, which makes fixed coupon payments, and which has an outstanding amount no less than €2 billion as of the first day of the expiring futures contract's delivery month.~~

##### **50203.A.2.e. Italy**

~~A Reference Bond must be a buono del Tesoro poliennale ("BTP"), issued by Dipartimento del Tesoro, which makes fixed coupon payments, and which has an outstanding amount no less than €2 billion as of the first day of the expiring futures contract's delivery month.~~

##### **50203.A.2.f. Netherlands**

~~A Reference Bond must be a Dutch State Loans ("DSL"), issued by the Dutch State Treasury Agency, which makes fixed coupon payments, and which has an outstanding amount no less than €2 billion as of the first day of the expiring futures contract's delivery month.~~

#### **50203.A.3. — Term to Maturity**

~~For any expiring contract for a given delivery month, Reference Bonds must have remaining term to maturity no less than 8 years 1 month from the first day of the delivery month, and no more than 10 years from the last day of the delivery month.~~

*Example:* ~~For a contract for delivery in December 2015, all Reference Bonds entailed in the contract trading unit must mature on dates between 1 January 2024 and 31 December 2025, inclusive.~~

#### **50203.A.4. — Reference Bond Yield**

~~For an expiring contract for a given delivery month, and for a given sovereignty that may be identified as either Bought Nation or Sold Nation in such contract's trading unit (Rule 50202.B.), the Reference Bond Yield that enters into determination of such contract's Final Settlement Price shall be the median (Rule 50203.A.4.b.) of yields to maturity on all Reference Bonds (Rule 50203.A.4.a.) for such sovereignty for such expiring contract.~~

~~For any such Reference Bond, such yield to maturity shall be determined, subject to Rules 50203.A.4.a. and 50203.A.4.b., on the basis of a price evaluation that shall be furnished to the Exchange by the Exchange's approved price data provider. Such price evaluation shall be based upon that Reference Bond's market price between 3:00 p.m. and 3:02 p.m. London time on the last day of trading in such expiring futures (Rule 50202.G.).~~

~~If the Exchange's approved price data provider fails to report the price evaluation for any such Reference Bond on such expiring contract's last day of trading, then the contract Final Settlement Price shall be determined on the basis of Reference Bond Yields between 3:00 p.m. and 3:02 p.m. London time on the next following Business Day (Rule 50202.G.1.) for which the Exchange's approved price data provider reports all such Reference Bond price evaluations.~~

**50203.A.4.a. Yields to Maturity on Reference Bonds**

~~For any given contract grade sovereignty (Rule 50203.A.2.), yields to maturity on such sovereignty's Reference Bonds shall be computed in accordance with practices that are deemed by the Exchange to be prevalent in the market for such sovereignty's government bonds.~~

~~Each such yield to maturity shall be rounded to the nearest 0.00001 percent per annum, and shall be rounded up in the case of a tie.~~

~~*Examples: A yield to maturity of 2.718282 percent per annum shall be rounded to 2.71828 percent. A yield to maturity of 3.141585 percent per annum shall be rounded up to 3.14159 percent.*~~

~~Notwithstanding the foregoing, the Exchange shall have the right to determine the method, or methods, employed in computing such yields to maturity.~~

**50203.A.4.b. Median of Yields to Maturity on Reference Bonds**

~~For the Reference Bonds of a given contract grade sovereignty (Rule 50203.A.2.) that are entailed in a contract trading unit for a given delivery month, the median of yields to maturity on such Reference Bonds (Rule 50203.A.4.a.) shall be:~~

~~(1) the 50<sup>th</sup> percentile among such Reference Bond yields to maturity, where there is an odd number of such Reference Bonds;~~

~~(2) the midpoint of the two yields to maturity with percentile ranks that are, respectively, immediately above and immediately below the 50<sup>th</sup> percentile among such Reference Bond yields to maturity, where there is an even number of such Reference Bonds.~~

~~Such median value shall be rounded to the nearest 0.00001 percent per annum, and shall be rounded up in the case of a tie.~~

**50203.B. Final Settlement**

~~Clearing members holding open positions in expiring contracts at the termination of trading shall make payment to, or shall receive payment from, the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the Final Settlement Price.~~

**50203-06. [RESERVED]**

(End Chapter 502)

Contract Name	Rule Chapter	Commodity Code	Contract Size
<del>GERMANY ITALY SOVEREIGN YIELD SPREAD</del>	502	DTV	EUR 100 per 1 b
<del>GERMANY NETHERLAND SOVEREIGN YIELD SPREAD</del>	502	DNV	EUR 100 per 1 b
<del>UK DE SOVEREIGN YIELD SPREAD</del>	502	KEV	GBP 100 per 1 b
<del>UK FR SOVEREIGN YIELD SPREAD</del>	502	KFV	GBP 100 per 1 b
<del>UK ITALY SOVEREIGN YIELD SPREAD</del>	502	KTV	GBP 100 per 1 b
<del>UK NETHERLAND SOVEREIGN YIELD SPREAD</del>	502	KDV	GBP 100 per 1 b
<del>US GERMANY SOVEREIGN YIELD SPREAD</del>	502	SEV	EUR 100 per 1 b
<del>US FRANCE SOVEREIGN YIELD SPREAD</del>	502	SFV	EUR 100 per 1 b
<del>US ITALY SOVEREIGN YIELD SPREAD</del>	502	STV	EUR 100 per 1 b
<del>US NETHERLAND SOVEREIGN YIELD SPREAD</del>	502	SDV	EUR 100 per 1 b
<del>US UK SOVEREIGN YIELD SPREAD</del>	502	SKV	GBP 100 per 1 b





**Spot-Month**

Spot month position comprised of future and deliveries	Spot-Month	Spot-Month	Spot-Month	Spot-Month	
	Aggregate Into	Aggregate Into	Aggregate	Aggregate	
	Futures	Futures	Ratio Into	Ratio Into	
	Equivalent Leg	Equivalent Leg	Futures	Futures	Spot-month
	(1)	(2)	Equivalents	Equivalents	Accountability
		Leg (1)	Leg (2)	Level	

**Second Spot-Month**

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

DNV

KEV

KFV

KTV

KDV

SEV

SFV

STV

SDV

SKV

**Single Month**

Single Month Aggregate Into Futures Equivalent Leg (2)	Single Month Aggregate Ratio Into Leg (1)	Single Month Aggregate Ratio Into Leg (2)	Single Month Accountability Level (In Net Futures Equivalents) Leg (1) / Leg (2)	Single Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)	All Month Limit Aggregate Into Futures Equivalent Leg (1)
			3,500		DTV
			3,500		DNV
			3,500		KEV
			3,500		KFV
			3,500		KTV
			3,500		KDV
			3,500		SEV
			3,500		SFV
			3,500		STV
			3,500		SDV
			3,500		SKV

**All Month**

All Month Limit Aggregate Into Futures Equivalent Leg (2)	All Month Aggregate Ratio Into Futures Equivalents Leg (1)	All Month Aggregate Ratio Into Futures Equivalents Leg (2)	All Month Accountability Level (In Net Futures Equivalents) Leg (1) / Leg (2)	All Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)
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3,500

3,500

3,500

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