

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 20-048 (2 of 4)

Organization: The Board of Trade of the City of Chicago, Inc. ("CBOT")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 01/16/20

Filing Description: Amendments to CME, CBOT, NYMEX/COMEX Rule 418. ("Consent to Exchange Jurisdiction") and Issuance of CME Group Market Regulation Advisory Notice RA2001-5.

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

**Rule Numbers: 418.**

**New Product**

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

**Official Product Name:**

**Product Terms and Conditions (product related Rules and Rule Amendments)**

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

**Official Name(s) of Product(s) Affected:**

**Rule Numbers:**

January 16, 2020

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
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) Certification. Amendments to CME, CBOT, NYMEX/COMEX Rule 418. (“Consent to Exchange Jurisdiction”) and Issuance of CME Group Market Regulation Advisory Notice RA2001-5. CBOT Submission No. 20-048 (2 of 4)**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), 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”) hereby notify the Commission that they are self-certifying amendments to CME, CBOT, NYMEX/COMEX Rule 418. (“Consent to Exchange Jurisdiction”) to adopt a provision subjecting any intermediary that charges a commission or fee who may otherwise not be involved in a client’s trade flow to the jurisdiction of the Exchanges. The same or similar provision will be adopted by all U.S. designated contract markets (“DCMs”), and results from an industry-wide effort to ensure that DCMs have full jurisdiction over such entities where a commission or fee is charged in connection with clients trading activities in the applicable DCM’s markets. The provision is being adopted to ensure that DCMs have the ability to gather information from the intermediaries, including, but not limited to, information on the firm’s clients and the firm’s practices with respect to its clients. In connection with the amendments, the Exchanges will issue CME Group Market Regulation Advisory Notice RA2001-5 (“RA2001-5”). The amendments to Rule 418. and RA2001-5 (collectively, the “Rule Amendments”) will be effective on trade date Monday, February 3, 2020.

The amendments to CME, CBOT, NYMEX/COMEX Rule 418. are set forth in Exhibit A with additions underscored. RA2001-5 is provided in Exhibit B.

The Exchanges reviewed the designated contract market core principles (“DCM Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Rule Amendments may have some bearing on the following Core Principle:

Compliance with Rules: The Rule Amendments directly relate to the jurisdiction of the Exchanges and are in compliance with the requirements of CFTC Regulation 38.151 (“Access requirements.”) which requires a DCM to require members or market participants to consent to the DCM’s jurisdiction.

Availability of General Information: The Rule Amendments will be posted on the CME Group website in satisfaction of this core principle. In addition, the Exchanges will issue a Special Executive Report (“SER”) to the marketplace in advance of the amendments to Rule 418. becoming effective, which will also be posted on the CME Group website.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchanges certify that the Rule Amendments comply with the Act and regulations thereunder. There were no substantive opposing views to this proposal.

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

If you require any additional information regarding this submission, please contact the undersigned at 212.299.2200 or via email at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: CME, CBOT, NYMEX/COMEX Rule 418. (blackline format)  
Exhibit B: CME Group Market Regulation Advisory Notice RA2001-5

## **EXHIBIT A**

### **CME, CBOT, NYMEX/COMEX Rulebooks**

#### **Chapter 4**

#### **("Enforcement of Rules")**

(additions are underscored)

#### **418. CONSENT TO EXCHANGE JURISDICTION**

Any Person initiating or executing a transaction on or subject to the Rules of the Exchange directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of the Exchange and agrees to be bound by and comply with the Rules of the Exchange in relation to such transactions, including, but not limited to, rules requiring cooperation and participation in investigatory and disciplinary processes. Any futures commission merchant, introducing broker, associated person, or foreign Person performing a similar role that charges a commission or fee in connection with transactions on or subject to the Rules of the Exchange also expressly consents to the Exchange's jurisdiction.

## EXHIBIT B

### MARKET REGULATION ADVISORY NOTICE

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<b>Exchange</b>	<b>CME, CBOT, NYMEX &amp; COMEX</b>
<b>Subject</b>	<b>Consent to Exchange Jurisdiction</b>
<b>Rule References</b>	<b>Rule 418</b>
<b>Advisory Date</b>	<b>January 17, 2020</b>
<b>Advisory Number</b>	<b>CME Group RA2001-5</b>
<b>Effective Date</b>	<b>February 3, 2020</b>

Effective on trade date Monday, February 3, 2020, and pending all relevant CFTC regulatory review periods, this Market Regulation Advisory Notice will supersede CME Group Market Regulation Advisory Notice RA1909-5 from December 17, 2019. It is being issued to adopt a provision subjecting any intermediary that charges a commission or fee who may not otherwise be involved in a client's trade flow to the jurisdiction of the Exchanges. The same or similar provision will be adopted by all U.S. designated contract markets ("DCMs"), and results from an industry-wide effort to ensure that DCMs have full jurisdiction over such entities where a commission or fee is charged in connection with a client's trading activities in the applicable DCM's markets.<sup>1</sup>

On August 20, 2012, CFTC Regulation 38.151(a) became effective. CFTC Regulation 38.151(a) is set forth below.

**§38.151 Access requirements.**

(a) *Jurisdiction.* Prior to granting any member or market participant access to its markets, a designated contract market must require that the member or market participant consent to its jurisdiction.

In response to CFTC Regulation 38.151(a), CME, CBOT, NYMEX and COMEX adopted Rule 418 ("Consent to Exchange Jurisdiction"), which also became effective on August 20, 2012. The text of Rule 418 is set forth below:

**418. CONSENT TO EXCHANGE JURISDICTION**

Any Person initiating or executing a transaction on or subject to the Rules of the Exchange directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of the Exchange and agrees to be bound by and comply with the Rules of the Exchange in relation to such transactions, including, but not limited to, rules requiring cooperation and participation in investigatory and disciplinary processes. Any futures commission merchant, introducing broker, associated person, or foreign Person performing a similar role that charges a commission or fee in connection with transactions on or subject to the Rules of the Exchange also expressly consent to the Exchange's jurisdiction.

All market participants and intermediaries are reminded that failure to fully cooperate and participate in any CME Group Market Regulation Department investigation or disciplinary enforcement matter may result in charges being issued for a violation of Rule 432.L. pursuant to the provisions of Rule 406 ("Issuance of Charges"). Rule 432.L. is set forth below:

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<sup>1</sup> Please see Special Executive Report S-8518 from January 17, 2020, for additional information.

#### **432. GENERAL OFFENSES**

It shall be an offense:

- L. 1. to fail to appear before the Board, Exchange staff or any investigative or hearing committee at a duly convened hearing, scheduled staff interview or in connection with any investigation;
2. to fail to fully answer all questions or produce all books and records at such hearing or in connection with any investigation, or to make false statements;
3. to fail to produce any books or records requested by duly authorized Exchange staff, in the format and medium specified in the request, within 10 days after such request is made or such shorter period of time as determined by the Market Regulation Department in exigent circumstances;

Sanctions for violations of Rule 432 may include monetary penalties and/or restrictions or denial of access to any or all products of any Designated Contract Market, Derivatives Clearing Organization, or Swap Execution Facility owned or controlled by CME Group.

Market participants and intermediaries are reminded that access to CME, CBOT, NYMEX and COMEX markets is conditioned on compliance with Rule 418. Market participants and intermediaries should be aware that refusal to cooperate or provide requested information based on privacy or other applicable laws of any foreign jurisdiction will in no manner affect the Market Regulation Department's forwarding of the matter for the issuance of charges pursuant to the provisions of Rule 406 for a violation of rule 432.L or any other applicable Rule.

Questions regarding this Advisory Notice may be directed to one of the following individuals in Market Regulation:

Steve Schwartz, Executive Director, Enforcement, 212.299.2853

Robert Sniegowski, Executive Director, Rules & Regulatory Outreach, 312.341.5991

Andrew Vrabel, Executive Director, Investigations, 312.435.3622

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or [news@cmegroup.com](mailto:news@cmegroup.com).