

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 15-042

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 01/21/15 Filing Description: Notice of Emergency Action – Additional Authority to CME Global Command Center ("GCC")

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- |                                     |                                     |            |
|-------------------------------------|-------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification                       | § 40.6(a)  |
| <input type="checkbox"/>            | Approval                            | § 40.5(a)  |
| <input type="checkbox"/>            | Notification                        | § 40.6(d)  |
| <input type="checkbox"/>            | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/>            | SIDCO Emergency Rule Change         | § 40.10(h) |

**Rule Numbers:** 589

**New Product**

Please note only ONE product per Submission.

- |                          |                                       |            |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification                         | § 40.2(a)  |
| <input type="checkbox"/> | Certification Security Futures        | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class              | § 40.2(d)  |
| <input type="checkbox"/> | Approval                              | § 40.3(a)  |
| <input type="checkbox"/> | Approval Security Futures             | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission                       | § 39.5     |

**Official Product Name:**

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

- |                          |   |                      |
|--------------------------|---|----------------------|
| <input type="checkbox"/> | Certification   | § 40.6(a)            |
| <input type="checkbox"/> | Certification Made Available to Trade Determination     | § 40.6(a)            |
| <input type="checkbox"/> | Certification Security Futures                          | § 41.24(a)           |
| <input type="checkbox"/> | Delisting (No Open Interest)                            | § 40.6(a)            |
| <input type="checkbox"/> | Approval  | § 40.5(a)            |
| <input type="checkbox"/> | Approval Made Available to Trade Determination          | § 40.5(a)            |
| <input type="checkbox"/> | Approval Security Futures                               | § 41.24(c)           |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | “Non-Material Agricultural Rule Change”                 | § 40.4(b)(5)         |
| <input type="checkbox"/> | Notification  | § 40.6(d)            |

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

**Rule Numbers:**

January 21, 2015

**VIA ELECTRONIC PORTAL**

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)(6) Emergency Rule Certification.  
Notification of Emergency Action – Provision of Additional Authority to CME  
Global Command Center (“GCC”).  
CME Submission No. 15-042**

Dear Mr. Kirkpatrick:

On January 20, 2015, a Panel of the Chicago Mercantile Exchange Inc. (“CME”) Business Conduct Committee (“Panel”) took emergency action under CME Rule 402.C. (“Emergency Actions”) based on a request from staff. The emergency action provided the CME Group Global Command Center (“GCC”) additional authority with respect to CME products subject to CME Rule 589 (“Special Price Fluctuation Limits”) to:

1. Modify the amount of a price limit expansion;
2. Remove price limits at any time;
3. Determine whether a specified trading halt will be observed; and
4. Determine the products considered a Primary Futures Contract for purposes of expanding price limits.

CME Rule 589 was self-certified with the Commodity Futures Trading Commission (“CFTC”) on December 5, 2014 (CME Submission No. 14-530), and was adopted to deter sharp price movements that might be driven by an illiquid central limit order book that could exist in otherwise liquid markets. The limits are intended as a measure consistent with promoting price discovery and cash-futures convergence and thereby protecting market integrity.

CME Rule 589 is currently applicable to trading in various CME FX and Equity Index futures and options products as set forth in the Special Price Fluctuation Limits Table in the Interpretations and Special Notices Section of Chapter 5. Rule 589 provides for four levels of price limit expansions prior to limits being removed for the remainder of the trading day.

On January 15, 2015, the Swiss National Bank (“SNB”) unexpectedly canceled its 2011 policy which placed a ceiling of 1.2 Swiss francs per euro after the Eurozone debt crisis saw investors rush to Swiss assets. The unexpected decision by the SNB resulted in a surge of more than 30% within minutes to a record high for the Swiss franc against the euro in the cash market. This movement in the cash market resulted in the price of Swiss franc futures on CME Globex remaining locked at limit bid through three trading halts and price expansions.

Rule 589 currently prescribes a fourth price limit expansion, however the GCC determined that the cash market was trading at substantially higher levels than would have been permissible at the fourth limit expansion level for the March 2015 Swiss franc futures of 1,600 points above the previous day’s settlement price of 98.17, or 114.17. Rather than continue to have the market remain locked at the fourth price level for an additional seven minutes (the prescribed five minute monitoring period and subsequent two minute trading halt) prior to limits being removed pursuant to Rule 589, the GCC removed the price

limits completely after the third two minute trading halt in order to permit trading to take place at levels commensurate with the cash market, which was trading around 121.48 just prior to the two minute halt concluding.

The GCC's decision to eliminate the fourth level price expansion was deemed necessary to allow market participants the ability to trade in Swiss franc futures at levels commensurate with trades in the underlying cash market.

Upon review of the events of January 15, 2015, CME Group senior management determined that revisions to Rule 589 were necessary in order to provide the GCC with the flexibility to act outside the parameters of the Rule in circumstances where it determines such action necessary to protect market integrity. Those revisions are set forth in CME, The Board of Trade of the City of Chicago, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX") Submission 15-043, also dated January 21, 2015. Given the requirements of CFTC Regulation 40.6(a), the revisions to Rule 589 will not become effective for ten business days after self-certification, on February 5, 2015. CME Group senior management, however, determined that the GCC needs to have authority to act in the best interests of the market until the revisions to Rule 589 become effective.

The marketplace was notified yesterday of the emergency action via the issuance of a Notice of Emergency Action ("Notice") and CME Group Special Executive Report S-7286 ("S-7286"). A copy of the Notice appears in Exhibit A. The duration of the action will be until February 5, 2015 when the revisions to Rule 589 become effective.

CME reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act"). During the review, we have identified that the emergency action may have some bearing on the following Core Principles:

Emergency Authority: The action by the Panel constitutes an emergency action taken in accordance with the provisions of CME Rule 402.C. and which requires prompt notice to be provided to the CFTC under both Commission Regulations and CME Rule 402.C.

Availability of General Information: The emergency action has been communicated to the marketplace via the issuance of a Notice of Emergency Action ("Notice") and S-7286. The Notice and S-7286 have been distributed via email to subscribers of these publications in addition to being posted publicly on the CME Group website.

CME certifies that the emergency action to provide additional authority to the GCC as set forth in this submission complies with the Act and regulations thereunder. 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>.

If you have any questions regarding this submission, please contact me at 212-299-2200 or via e-mail at [CMESubmissionInquiry@cmegroup.com](mailto:CMESubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A – Notice of Emergency Action



# Exhibit A

## CHICAGO MERCANTILE EXCHANGE NOTICE OF EMERGENCY ACTION

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**FILE NO.:** CME 15-0074

**SUBJECT:** Modification to Global Command Center Authority

**APPLICABLE  
CME RULE:**

**402.C. BUSINESS CONDUCT COMMITTEE — Emergency Actions (in part)**

The BCC is authorized to determine whether an emergency exists and whether emergency action is warranted. The following events and/or conditions may constitute emergencies:

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3. Any action taken by the United States or any foreign government or any state or local government body, any other contract market, board of trade, or any other exchange or trade association (foreign or domestic), which may have a direct impact on trading on the Exchange;
6. Any other circumstance which may have a severe, adverse effect upon the functioning of the Exchange, except that declarations of Force Majeure and actions taken with respect to such declarations will be governed by the provisions of Rule 701.

In the event that the BCC determines, in the good faith exercise of its sole discretion, that an emergency exists, it may take any of the following emergency actions or any other action that may be appropriate to respond to the emergency:

12. Order any other action or undertaking to address or relieve the emergency.

**EMERGENCY ACTION:**

On January 20, 2015, a Panel of the Chicago Mercantile Exchange (“CME”) Business Conduct Committee (“Panel”) took emergency action to provide additional authority to the Global Command Center (“GCC”) to act outside the parameters of CME Rule 589 (“Special Price Fluctuation Limits”) in circumstances where the GCC determines, in its absolute and sole discretion, that such action is necessary to protect market integrity. On January 15, 2015, the ability of Swiss franc futures to trade at levels commensurate with trading in the Swiss franc spot market was impeded by the provisions of CME Rule 589, resulting in the GCC removing special price fluctuation limits after the Swiss franc futures market locked limit bid for the third time. In the good faith exercise of its sole discretion, the Panel determined that strict adherence to the parameters of Rule 589 may have a severe, adverse effect upon the functioning of the Exchange within the meaning of Rule 402.C. and the integrity of trading in CME products subject to the provisions of Rule 589. Thus, the Panel determined that an emergency exists and that emergency action is warranted.

Pursuant to Rule 402.C.12., effective January 20, 2015, the GCC has been granted the authority with respect to CME products subject to Rule 589 to 1) modify the amount of a price limit expansion, 2) remove price limits at any time, 3) determine whether a specified trading halt will be observed, and 4) determine the products considered a Primary Futures Contract for purposes of expanding price limits.

**EFFECTIVE  
DATE:**

January 20, 2015