

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 19-022 (2 of 2)

**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):** 01/28/19    **Filing Description:** Amendments to the Bloomberg Roll Select Commodity Index Futures and S&P GSCI ER Index Futures Daily Settlement Procedure Documents

**SPECIFY FILING TYPE**

**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:** See filing.

**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     |

**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:**



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

January 28, 2019

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21<sup>st</sup> Street, N.W.  
Washington, DC 20581

**Re: CFTC Regulation 40.6(a) Certification. Notification Regarding Amendments to the Bloomberg Roll Select Commodity Index Futures and S&P GSCI ER Index Futures Daily Settlement Procedure Documents. CBOT Submission No. 19-022 (2 of 2)**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME”) and The Board of Trade of the City of Chicago, Inc. (“CBOT”) (collectively, the “Exchanges”) hereby notify the Commodity Futures Trading Commission (“CFTC” or “Commission”) that they are self-certifying amendments to the Daily Settlement Procedure Documents relating to the Bloomberg Roll Select Commodity Index Futures and the S&P GSCI ER Index Futures (the “Contracts”), effective Sunday, February 17, 2019, for trade date of Tuesday, February 19, 2019.

Contract Title	Rulebook Chapter	CME Globex Code	CME ClearPort Code
Bloomberg Roll Select Commodity Index Futures	CBOT 29D	DRS	DRS
S&P GSCI ER Index Futures	CME 415	GIE	GA

Specifically, the Exchanges are amending the settlement methodologies to further align the daily settlement prices of the Contracts with the underlying cash indexes. Previously, the tiered protocol utilized CME Globex volume and/or bids and offers in addition to a cost of carry contribution submitted by participating dealers and market makers. The amendments will simplify the settlement process allowing for quicker derivation and dissemination of settlement prices. The Exchanges anticipate that the amendments will also enhance the relevance of settlement, particularly during periods of reduced liquidity, which will further align the Contracts’ characteristics with customer expectations.

The amended Daily Settlement Procedure Documents for the Contracts are provided in Exhibits A and B below in blackline format.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“Act” or “CEA”) and identified the following Core Principles as being potentially impacted:

- **Compliance with Rules:** The Exchanges shall continue their normal practice to establish, monitor, and enforce compliance with the rules for the Contracts, including the amendments for the contracts.
- **Daily Publication of Trading Information:** The Exchanges shall make public daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded and cleared contracts on the contract market.
- **Prevention of Market Disruption:** The Exchanges have the capacity to detect abnormal price movements and unusual trading volumes, including such abnormal price movements or trading volumes as may be associated with bilaterally negotiated trades, and they hold the authority to take remedial action as appropriate.
- **Availability of General Information:** The Exchanges will make publicly available the details of the revision and will update the daily settlement details on the CME Group website. In addition, they will publish a Special Executive Report (“SER”) to advise the marketplace of the amendments. The SER will be posted on the CME Group website.
- **Execution of Transactions:** The amendments will further enable the Exchanges to continue their current practice of providing a competitive, open, and efficient market mechanism for executing transactions.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchanges hereby certify that the amendments to the Daily Settlement Procedure Documents comply 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 CME Group 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 [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
 Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A - Bloomberg Roll Select Commodity Index Futures (DRS) Daily Settlement Procedure Document (blackline format)  
 Exhibit B - S&P GSCI Excess Return Futures (GIE) Daily Settlement Procedure Document (blackline format)

## **Exhibit A**

### Bloomberg Roll Select Commodity Index Futures (DRS) Daily Settlement Procedure Document

(deletions, **additions**)

#### Normal Daily Settlement

CME Group Staff determines the daily settlement price for Bloomberg Roll Select Commodity Index Futures (DRS) with open interest.

~~Tier 1: If a trade occurs on CME Globex or as a Block between 13:39:30 and 13:40:00 Central Time (CT), the settlement period, then the contract settles to either the last trade price or to the better bid or ask price~~

~~Tier 2: If no trades occur on CME Globex or as a Block between 13:39:30 and 13:40:00 CT, then the Bloomberg Roll Select Commodity Index Futures contract price is calculated using the following settlement formula:~~

~~S = Spot price~~

~~C = Cost of carry contribution\*~~

~~d = Days to expiration~~

$$\text{DRS} = S * [1 + \{C * (d/365)\}]$$

The cost of carry contribution (C) is the average of the values submitted by participating dealers/market makers in this product, and the most recent contribution (C) is used in the settlement formula. Cost of carry contributions must be emailed to ChicagoSettlementTeam@cmegroup.com by no later than 12:01:00 CT to be included in that day's Bloomberg Roll Select Commodity Index<sup>SM</sup> Futures price calculation.

The contracts settle to either this calculated futures price or to the better bid or ask price:

a. ~~If the current bid price is higher than the calculated futures price, then the contract settles to the bid price.~~

b. ~~If the current ask price is lower than the calculated futures price, then the contract settles to the ask price.~~

c. ~~If the calculated futures price is equal to or between the current bid and ask, then the contract settles to the calculated futures price.~~

~~Tier 3: In the absence of any CME Globex bid/ask markets between 13:39:30 and 13:40:00 CT, the futures contract settles to the price derived from the above settlement formula.~~

**CME Group staff publishes daily settlements for all Bloomberg Roll Select Commodity Index Futures (DRS) with open interest.**

**Each business day, Bloomberg calculates and publishes daily settlement prices for the Bloomberg Roll Select Commodity Index Futures based on the settlements of the index's component commodity futures contracts. CME Group staff then rounds this price to the nearest tradable tick and publishes it as the daily settlement for each Bloomberg Roll Select Commodity Index Futures contract with open interest.**

**If Bloomberg does not provide a cash price by 15:30 Central Time (CT), then the futures with open interest settle to the last-published settlement price.**

## **Exhibit B**

### S&P GSCI Excess Return Futures (GIE) Daily Settlement Procedure Document

(deletions, **additions**)

#### Normal Daily Settlement

~~CME Group Staff determines the daily settlement price for Standard & Poor's GSCI Excess Return Futures (GIE) with open interest.~~

~~Tier 1: If a trade occurs on CME Globex or as a Block between 13:39:30 and 13:40:00 Central Time (CT), the settlement period, then the contract settles to either the last trade price or to the better bid or ask price~~

~~Tier 2: If no trades occur on CME Globex or as a Block between 13:39:30 and 13:40:00 CT, then the GSCI Excess Return futures contract price is calculated using the following settlement formula:~~

~~GSCI Excess Return futures contract (GIE)~~

~~S = Spot price~~

~~C = Cost of carry contribution\*~~

~~d = Days to expiration~~

$$\mathbf{GIE = S * [1 + (C * (d/365))]}$$

~~\*The cost of carry contribution (C) is the average of the values submitted by participating dealers/market makers in this product, and the most recent contribution (C) is used in the settlement formula. Cost of carry contributions must be emailed to ChicagoSettlementTeam@cmegroup.com by no later than 12:01:00 CT to be included in that day's GSCI Excess Return Futures price calculation.~~

~~The contracts settle to either this calculated futures price or to the better bid or ask price:~~

~~a. If the current bid price is higher than the calculated futures price, then the contract settles to the bid price.~~

~~b. If the current ask price is lower than the calculated futures price, then the contract settles to the ask price.~~

~~c. If the calculated futures price is equal to or between the current bid and ask, then the contract settles to the calculated futures price.~~

~~Tier 3: In the absence of any CME Globex bid/ask markets between 13:39:30 and 13:40:00 CT, the futures contract settles to the price derived from the above settlement formula.~~

**CME Group staff publishes daily settlements for all S&P GSCI Excess Return Futures (GIE) with open interest.**

**Each business day, Standard & Poor's calculates and publishes daily settlement prices for the S&P GSCI Excess Return Futures based on the settlements of the index's component commodity futures contracts. CME Group staff then rounds this price to the nearest tradable tick and publishes it as the daily settlement for each S&P GSCI Excess Return Futures contract with open interest.**

**If Standard & Poor's does not provide a cash price by 15:30 Central Time (CT), then the futures with open interest settle to the last published settlement price.**