

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 17-036 (2 of 5)

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

**Filing as a:**  DCM  SEF  DCO  SDR

**Please note - only ONE choice allowed.**

**Filing Date (mm/dd/yy):** February 1, 2017 **Filing Description:** Amendments to Rule 432. ("General Offenses")

**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:** 432.

**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:**

February 1, 2017

**VIA ELECTRONIC PORTAL**

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

**Re: CFTC Regulation 40.6(a) Certification. Notification Regarding Amendments to Rule 432. (“General Offenses”).  
CME Submission No. 17-036 (2 of 5)**

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”), Commodity Exchange, Inc. (“COMEX”) (collectively, the “Exchanges”) and the Swap Execution Facility Division of Chicago Mercantile Exchange Inc. (“CME SEF”) hereby notify the Commission that they are self-certifying amendments to Rule 432. (“General Offenses”) in the Exchanges’ and CME SEF’s Rulebooks (collectively, the “Rule Amendments”). The Rule Amendment will be effective on Thursday, February 16, 2017.

At the request of the Commission, the Rule Amendments add language that expressly prohibits attempted fraudulent or bad faith actions, the intentional or reckless use or attempted use of a manipulative device, scheme or artifice to defraud, and the intentional or reckless delivery or attempt to deliver false, misleading or inaccurate information concerning crop or market information or conditions that may affect the price of exchange futures or options contracts or spot transactions in the underlying commodity. The additional language more closely tracks the prohibitions set forth in CFTC Regulation 180.1.

The Rule Amendments are set forth in Exhibit A, with additions underscored and deletions ~~overstruck~~.

The Exchanges have 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 amendments may have some bearing on the following DCM Core Principles:

Compliance with Rules: The Rule Amendments are intended to more closely track the prohibitions set forth in CFTC Regulation 180.1 which concern abusive trade practices, and are therefore in compliance with the Core Principle.

Availability of General Information: The Exchanges will disseminate a Special Executive Report (“SER”) that sets forth information attendant to the Rule Amendments. Additionally, the SER will be published on the Exchanges’ website.

Protection of Markets and Market Participants: The Rule Amendments prohibit abusive practices in order to ensure that trading on the Exchanges remains fair and equitable, and are therefore in compliance with the Core Principle.

CME SEF reviewed the swap execution facility core principles (“SEF Core Principles”) as set forth in the CEA and identified that the amendments may have some bearing on the following SEF Core Principles:

Compliance with Rules: The Rule Amendments are intended to more closely track the prohibitions set forth in CFTC Regulation 180.1 which concern abusive trade practices, and are therefore in compliance with the Core Principle.

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

The Exchanges and CME SEF certify that this submission has been concurrently posted on the Exchanges’ and CME SEF’s website at <http://www.cmegroup.com/market-regulation/rule-fillings.html>.

Should you have any questions concerning the above, 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

Attachment: Exhibit A – Amendments to Rule 432. (“General Offenses”) (blackline format)

## Exhibit A

### CME/CBOT/NYMEX/COMEX Chapter 4 Enforcement of Rules

(Additions are underscored; deletions are ~~overstruck~~.)

#### 432. GENERAL OFFENSES

It shall be an offense:

- A. to have an interest in, operate or knowingly act on behalf of a bucket-shop, or knowingly make any transaction with a bucket-shop;
- B. 1. to engage, or attempt to engage, in fraud or bad faith;  
2. to engage in conduct or proceedings inconsistent with just and equitable principles of trade;
- C. to engage in dishonest conduct;
- D. to create or report a false or fictitious trade;
- E. to extort or attempt extortion;
- F. to buy or sell any Exchange futures or options contract with the intent to default on such purchase or sale;
- G. to prearrange the execution of transactions in Exchange products for the purpose of transferring equity between accounts;
- H. to engage in, or attempt to engage in, the manipulation of prices of Exchange futures or options contracts; to corner or squeeze, or attempt to corner or squeeze, the underlying cash market; to intentionally or recklessly use or employ, or attempt to use or employ, any manipulative device, scheme, or artifice to defraud; or to purchase or sell, or offer to purchase or sell Exchange futures or options contracts, or any underlying commodities or securities, for the purpose of upsetting the equilibrium of the market or creating a condition in which prices do not or will not reflect fair market values;
- I. to make a verbal or written material misstatement to the Board, a committee, or Exchange employees;
- J. to intentionally or recklessly~~knowingly disseminate~~ deliver or cause to be delivered, or attempt to deliver or cause to be delivered, false, misleading or inaccurate information concerning crop or market information or conditions that affect or may affect the price of any Exchange futures or options contract or spot transaction in the underlying commodity;

[The remainder of the Rule is unchanged.]

### CME SEF Chapter 4 Enforcement of Rules

#### 432. GENERAL OFFENSES

It shall be an offense:

- A. to have an interest in, operate or knowingly act on behalf of a bucket-shop, or knowingly make any transaction with a bucket-shop;
- B. 1. to engage, or attempt to engage, in fraud or bad faith;  
2. to engage in conduct or proceedings inconsistent with just and equitable principles of trade;

- C. to engage in dishonest conduct;
- D. to create or report a false or fictitious trade;
- E. to extort or attempt extortion;
- F. to buy or sell any swap with the intent to default on such purchase or sale;
- G. to prearrange the execution of transactions in CME SEF products for the purpose of transferring equity between accounts;
- H. to engage in, or attempt to engage in, the manipulation of prices of CME SEF products; to intentionally or recklessly use or employ, or attempt to use or employ, any manipulative device, scheme, or artifice to defraud; or to purchase or sell, or offer to purchase or sell CME SEF products or any underlying commodities or securities, for the purpose of upsetting the equilibrium of the market or creating a condition in which prices do not or will not reflect fair market values;
- I. to make a verbal or written material misstatement to the Board, a committee, or CME Group employees;
- J. to intentionally or recklessly~~knowingly disseminate~~ deliver or cause to be delivered, or attempt to deliver or cause to be delivered false, misleading or inaccurate information concerning market information or conditions that affect or may affect the price of any CME SEF product or its underlying commodity;

[The remainder of the Rule is unchanged.]