

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 18-056

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 02/23/18 Filing Description: Amendments to Cash Settlement Rule for Brazilian Real/U.S. Dollar (BRL/USD) Futures Contract

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: See filing.

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 23, 2018

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: CFTC Regulation 40.6(a) Certification. Notification Regarding Amendments to Cash Settlement Rule for Brazilian Real/U.S. Dollar (BRL/USD) Futures Contract. CME Submission No. 18-056

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying amendments to Rule 25702.B. (“Cash Settlement”) of the Brazilian Real/U.S. Dollar (BRL/USD) futures (CME Rulebook Chapter: 257, Commodity Code: BR) contract (the “Contract”) effective March 11, 2018 for trade March 12, 2018. The Contract is available for trading on CME Globex and for submission for clearing via CME ClearPort.

EMTA (the principal trade group for the Emerging Markets trading and investment community) has published its Recommended FX and Currency Derivatives Market Practice No 81 on New Terms, for BRL/USD Non-Deliverable FX Forward and Currency Option Transactions. Market Practice No. 81 addresses, specifically, the revisions to the BRL/USD Template Terms for Non-Deliverable FX Forward and Currency Option Transactions, and, in particular, the inclusion of a new Disruption Event, “Exchange Rate Divergence.”

CME is amending Rule 25702.B. (“Cash Settlement”) of the Contract to include exchange rate divergence as a rate source disruption event to maintain its alignment with the OTC FX market.

Exhibit 1 provides the CME rule amendments for the Contract 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 that the rule amendments to the CME price increment rules for the Contracts may have some bearing on the following Core Principles:

- Compliance with Rules: The Exchange shall continue its normal practice to establish, monitor, and enforce compliance with the rules for the Contract, including the amendments for the Contract.
- Availability of General Information: The Exchange will amend the CME rulebook, accordingly on the effective date, which is publicly available on the CME Group website. In addition, the Exchange will publish a Special Executive Report (“SER”) to advise the marketplace of these amendments. The SER will also be posted on the CME Group website.
- Execution of Transactions: This change will not impede the Exchange’s ability as a designated contract market to provide a competitive, open, and efficient market mechanism for executing transactions of the Contract.

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Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), CME hereby certifies that the rule amendments, comply with the Act, including all regulations under the Act. There were no substantive opposing views to this proposal.

CME 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 CMESubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1: CME Rule Amendments for the Contract in blackline format.

Exhibit 1
Chapter 257
Brazilian Real/U.S. Dollar (BRL/USD) Futures

25702. SETTLEMENT PROCEDURES

25702.A. [Reserved]

25702.B. Cash Settlement

All Brazilian real/U.S. dollar futures contracts remaining open after the close of trading on the termination of trading day shall be liquidated by cash settlement at a price equal to the Final Settlement Price. The CME Brazilian real/U.S. dollar currency futures contract Final Settlement Price shall be equal to the reciprocal of the spot exchange rate for Brazilian real per U.S. dollar, defined as the average offered rate calculated by the Central Bank of Brazil on the last Business Day of the month for the Central Bank of Brazil immediately preceding the contract month, to 5 decimal places ("BRL PTAX" or "BRL09" rate). This rate is reported by the Banco Central do Brasil on its website at www.bcb.gov.br by approximately 1:15 p.m., São Paulo time. All open positions shall be cash settled to the reciprocal of this rate on the Business Day following the last Business Day of the month for the Central Bank of Brazil.

1. Procedures ~~for a Price Source Disruption if No Central Bank of Brazil BRL PTAX Rate is Available~~

In the event ~~that there is of a Price Source Disruption as defined by the 1998 FX and Currency Option Definitions (which shall include the term "Exchange Rate Divergence" as defined by the EMTA Template Terms for BRL/USD Non-Deliverable FX Forward Transactions) and the Central Bank of Brazil BRL PTAX rate is not calculated by the Central Bank of Brazil and/or broadcasted by SISBACEN on the Brazilian real/U.S. dollar futures contract termination of trading day~~, the Clearing House shall defer cash settlement to a subsequent day.

2. Procedures ~~for the Cessation of a Price Source Disruption if Central Bank of Brazil BRL PTAX Rate is Available after Commencement of a Deferral Period~~

Upon ~~the cessation of a Price Source Disruption publication of the Central Bank of Brazil BRL PTAX rate~~ after a deferral period commences, CME shall determine the Final Settlement Price using the reciprocal of such Rate rounded to 5 decimal places and the Brazilian real/U.S. dollar futures contract shall be settled on such day. If, however, 30 consecutive calendar days pass without ~~the cessation of the Price Source Disruption publication of the Central Bank of Brazil BRL PTAX Rate~~, CME shall otherwise determine the Final Settlement Price. ~~See next section.~~

3. Procedures after 30-Day Deferral Period

After the lapse of 30 consecutive calendar days without ~~the cessation of the Price Source Disruption publication of the Central Bank of Brazil BRL PTAX rate~~, ~~CME then~~ Rule 812 shall apply to determine the Final Settlement Price.