SUBMISSION COVER SHEET

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

Registered Entity Identifier Code (optional): 18-138

Organization: Commodity Exchange, Inc. ("COMEX")

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

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 03/21/18 Filing Description: Weekly Notification of Rule Amendments (Week of March 12, 2018)

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:

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

March 21, 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(d) Notification. Commodity Exchange, Inc. ("COMEX" or "Exchange") Weekly Notification of Rule Amendments.
COMEX Submission No. 18-138

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission ("CFTC" or "Commission") Regulation 40.6(d), the Exchange submits this weekly notification of the following rule amendments made effective during the week of March 12, 2018.

On March 12, 2018, the Exchange issued CME Group Market Regulatory Advisory Notice ("MRAN") RA1802-5 to supersede CME Group MRAN RA1719-5RR from February 20, 2018. The Exchange made administrative amendments regarding Block Trades. The marketplace was notified of this change via MRAN RA1802-5, which is attached hereto as Exhibit A.

On March 13, 2018, the Exchange issued CME Group MRAN RA1711-5 to supersede CME Group MRAN RA1703-5 from April 10, 2017. The Exchange made administrative amendments to reflect current position limits. The marketplace was notified of this change via MRAN RA1711-5, which is attached hereto as Exhibit B.

If you require any additional information, please contact the undersigned at (212) 299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A – MRAN #RA1802-5
Exhibit B – MRAN #RA1711-5

300 Vesey Street New York, NY 10282 T 212 299 2200 F 212 299 2299 christopher.bowen@cmegroup.com cmegroup.com

Exhibit A

MARKET REGULATION ADVISORY NOTICE

Exchange	CME, CBOT, NYMEX & COMEX
Subject	Block Trades
Rule References	Rule 526
Advisory Date	March 6, 2018
Advisory Number	CME Group RA1802-5
Effective Date	March 12, 2018

Effective on trade date Monday, March 12, 2018, this Market Regulation Advisory Notice will supersede CME Group Market Regulation Advisory Notice RA1719-5RR from February 20, 2018. Effective on March 12, 2018, CME and CBOT will begin to offer trading on the CME Globex electronic trading platform of CME Three-Month Eurodollar ("ED") futures versus CBOT 30-Day Federal Funds ("FF") futures as an inter-commodity spread. For purposes of block trading, there will be no change to the current requirement that the quantity of the ED futures leg of the spread meets the minimum threshold applicable to ED futures, and the quantity of the FF futures legs of the spread meets the minimum threshold applicable to FF futures intra-commodity spreads. Additional information concerning block trading of this spread appears in Section 6 of this advisory notice.

Information on the recent establishment of block trade minimum thresholds for CME and CBOT Agricultural futures and options products is available on the CME Group website via the following link:

http://www.cmegroup.com/trading/agricultural/relationship-based-trading-in-agricultural-products.html

This Advisory Notice contains the following Sections:

All block trades are subject to the conditions set forth in Rule 526 and in this Advisory Notice. Violations of the Rule or any of the requirements and prohibitions set forth in this Advisory Notice may result in disciplinary action.

1. Definition of Block Trades

Block trades are privately negotiated futures, options or combination transactions that meet certain quantity thresholds which are permitted to be executed apart from the public auction market. It is not permissible to facilitate the execution of block trades in Exchange-traded products on a system or facility accessible to multiple parties that allows for the electronic matching of or the electronic acceptance of bids and offers. Parties may use communication technologies to bilaterally request block quotes from one or more participants and to conduct privately negotiated block trades. Parties may also utilize technologies supported by third parties which allow for the electronic posting of indicative block markets displayed to multiple market participants. However, block trades executed between parties based on such electronically displayed indicative markets may be transacted only through direct bilateral communications involving the broker, where applicable, and the parties to the trade.

2. Participation in Block Trades

Each party to a block trade must be an Eligible Contract Participant as that term is defined in Section 1a(18) of the Commodity Exchange Act. Eligible Contract Participants generally include exchange members and member firms, broker/dealers, government entities, pension funds, commodity pools, corporations, investment companies, insurance companies, depository institutions and high net-worth individuals. Commodity trading advisors and investment advisors who are registered or exempt from registration, and foreign persons performing a similar role and subject as such to foreign regulation, may participate in block transactions provided they have total assets under management exceeding $25 million and the block trade is suitable for their customers.

A customer order may be executed by means of a block trade only if the customer has specified that the order be executed as a block trade.

3. Block Trades between Different Accounts with Common Beneficial Ownership

Block trades between different accounts with common beneficial ownership are prohibited unless 1) each party's decision to enter into the block trade is made by an independent decision-maker; 2) each party has a legal and independent bona fide business purpose for engaging in the block trade; and 3) the block trade is executed at a fair and reasonable price. In the absence of satisfying all the aforementioned requirements, the transaction may constitute an illegal wash trade prohibited by Rule 534 ("Wash Trades Prohibited"). Common beneficial ownership is defined as not only accounts with the same beneficial ownership, but also accounts with common beneficial ownership that is less than 100%.

4. Block-Eligible Products

A complete list of block eligible products may be found here:

CME, CBOT, NYMEX & COMEX Block Trade-Eligible Products and Minimum Quantity Thresholds
The marketplace is notified of block trade minimum quantity thresholds and any changes thereto via a Special Executive Report issued by Research & Product Development. Interested market participants may receive these reports via email by visiting the CME Group Subscription Center located at:

http://www.cmegroup.com/tools-information/subscriptions/advisory-subscribe.html

5. Time and Prices of Block Trades

Block trades may be executed at any time, including times during which the public auction market is closed. Block trades may not be executed after the expiration of the underlying futures or options on futures contract month.

Block trades must be transacted at prices that are **"fair and reasonable"** in light of (i) the size of the transaction, (ii) the prices and sizes of other transactions in the same contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including, without limitation, the underlying cash market or related futures markets, at the relevant time, and (iv) the circumstances of the markets or the parties to the block trade.

The trade price must be consistent with the minimum tick increment for the market in question. Additionally, each outright transaction and each leg of any block eligible spread or combination trade must be executed at a single price.

Block trade prices do not elect conditional orders (e.g. stop orders) or otherwise affect orders in the regular market.

6. Block Trade Minimum Quantities for Outrights, Spreads and Combinations

The block trade minimum quantity requirements for outright futures and outright options may be found using the link below.

In certain CBOT Agricultural futures and options products, block trades executed during Regular Trading Hours ("RTH") are subject to a higher minimum threshold than block trades executed during either European Trading Hours ("ETH") or Asian Trading Hours ("ATH"). The block trade minimum quantity requirements for these products may also be found using the link below. For purposes of determining which minimum threshold applies, RTH for CBOT Agricultural futures and options products is defined as 8:30 a.m. to 1:30 p.m. Monday through Friday on regular business days, and ETH and ATH are defined as 1:30 p.m. to 8:30 a.m. Monday through Friday on regular business days and at any time on weekends.

CME, CBOT, NYMEX & COMEX Block Trade-Eligible Products and Minimum Quantity Thresholds

The bunching of block trade orders is not permitted except in the case of eligible CTAs or foreign Persons performing a similar role.

Information with respect to spreads and combinations executed as block trades appears below:

<table>
<tr><th></th><th>CME and CBOT Products</th><th>NYMEX and COMEX Products</th></tr>
<tr><td rowspan="2">**Intra-**Commodity **Futures** Spreads and **Futures** Combinations</td><td>The *sum* of the quantities of the legs of the transaction must meet the minimum block quantity threshold.</td><td rowspan="3">The *sum* of the quantities of the legs of the transaction must meet the minimum block quantity threshold</td></tr>
<tr><td>*** Exceptions apply in intra-commodity Agricultural, Foreign Exchange, U.S. Treasury and S&P GSCI, S&P GSCI ER and Bloomberg Roll Select Commodity Index futures spreads**</td></tr>
<tr><td>**Intra**-Commodity **Options** Spreads and **Options** Combinations</td><td>*Each leg of the spread* must meet the designated minimum quantity threshold.</td></tr>
<tr><td rowspan="2">**Inter**-Commodity **Futures** Spreads and **Futures** Combinations</td><td>*Each leg of the spread must* meet the *larger* of the threshold requirements for the underlying products.</td><td rowspan="3">The *sum* of the quantities of the legs of the transaction must meet the *larger* of the threshold requirements for the underlying products.</td></tr>
<tr><td>**** Exceptions apply in:**
i) Short Term Interest Rate Futures;
ii) U.S. Treasury and10-Year Sovereign Yield Spread Futures; and
iii) Deliverable Interest Rate Swap Futures (“DSF”) & Deliverable Euro Interest Rate Swap Futures (“EUR IRS”)
iv) U.S. Treasury Futures and Forward-Starting Libor Reference Interest Rate Swaps (“Treasury Invoice Spreads”)</td></tr>
<tr><td>**Inter-**Commodity **Options** Spreads and **Options** Combinations</td><td>*Each leg of the spread* must meet the *larger* of the threshold requirements for the underlying products.</td></tr>
<tr><td rowspan="2">Options/Futures Spreads</td><td>The options component of the spread must meet the minimum quantity threshold for the outright option or option combination and the quantity of futures executed must be consistent with the delta of the options component of the spread.</td><td rowspan="2">The options component of the spread must meet the minimum quantity threshold for the outright option or option combination and the quantity of futures executed must be consistent with the delta of the options component of the spread.</td></tr>
<tr><td>***** Exceptions apply in Weather and Housing options/futures spreads**</td></tr>
</table>

*** Exceptions for Intra-Commodity Futures Spreads and Futures Combination:**

i) Intra-Commodity Agricultural Futures Spreads

For intra-commodity CME and CBOT Agricultural futures spreads, each leg of the spread must meet the designated minimum quantity threshold.

ii) Intra-Commodity Foreign Exchange Futures Spreads

For intra-commodity Foreign Exchange futures spreads, where the legs of the spread have different minimum quantity thresholds, the sum of the quantities of the legs of the transaction must meet the larger of the threshold requirements.

iii) Intra-Commodity U.S. Treasury Futures Spreads

Intra-commodity calendar spread block trades are prohibited in CBOT U.S. Treasury futures. Parties may not execute contingent block trades in outright contracts to circumvent the prohibition on the execution of block trades in intra-commodity calendar spreads. Additionally, Tandem spreads (a trade combining calendar spreads in two different Treasury futures) may not be executed as block trades.

iv) Intra-Commodity S&P GSCI, S&P GSCI ER and Bloomberg Roll Select Commodity Index Futures Spreads

For the above-referenced futures products, the block trade minimum is 50 contracts for each leg of the spread or combination. For example, the minimum quantity for an S&P GSCI calendar spread would require 50 contracts in each leg of the spread for a total of 100 contracts while a Bloomberg Roll Select Commodity Index futures butterfly would require a minimum volume of 200 contracts (50 contracts in each of the four legs of the butterfly).

**** Exceptions for Inter-Commodity Futures Spreads and Futures Combinations**

i)a) Short Term Interest Rate Futures, excluding Three Month Eurodollar-30-Day Federal Funds ("ED-FF") Spreads

In Short Term Interest Rate futures (Eurodollars, Eurodollar E-minis, Euribor, T-Bills, OIS, One-Month Eurodollar, Euroyen and 30-Day Fed Funds), inter-commodity futures spreads may be executed as block trades provided the sum of the legs of the spread meets the larger of the threshold requirements for the underlying products. For example, the minimum quantity thresholds for One-Month Eurodollar and Eurodollars during ETH are 200 and 2,000 contracts, respectively. Therefore, a block trade in the One-Month Eurodollar/Eurodollar spread can be executed provided the sum of the legs is at least 2,000 contracts.

i)b) ED-FF Spreads

For ED-FF spreads, the quantity of the ED leg must meet the designated minimum quantity threshold applicable to ED futures and the sum of the FF legs must meet the minimum threshold for a FF intra-commodity spread, which permits summing the legs to meet the minimum threshold.

For example, if the block trade is negotiated using the Globex-defined ratio of 10 ED futures opposite three of each of the next two FF futures contract months, the minimum block trading threshold of the spread would require the purchase (sale) of 4,000 March ED futures and the sale (purchase) of 1,200 April FF futures and 1,200 May FF futures. For avoidance of doubt, market participants are not required to execute a ED-FF spread block trade using the Globex-defined ratios provided that both sides of the spread meet the applicable minimum quantity threshold and the terms of the trade are consistent with all other CME Group block trading requirements.

ii) U.S. Treasury and10-Year Sovereign Yield Spread Futures

In U.S. Treasury and 10-Year Sovereign Yield Spread futures, inter-commodity futures spreads may be executed as block trades provided each leg of the spread meets the minimum threshold requirement for the respective underlying products. For example, the minimum quantity thresholds for 10-Year Notes and U.S. Treasury Bonds during RTH are 5,000 and 3,000 contracts, respectively. Therefore, a block trade in the NOB spread (10-Year Note/Treasury Bond spread) can be executed only if the minimum quantity of the 10-Year Note leg of the spread is at least 5,000 contracts and the minimum quantity of the Treasury Bond leg of the spread is at least 3,000 contracts.

iii) Deliverable Interest Rate Swap Futures ("DSF") & Deliverable Euro Interest Rate Swap Futures ("EUR IRS")

Inter-commodity futures spreads or combinations composed only of DSF or composed only of EUR IRS (e.g., 2-Year DSF v. 10-Year DSF) may be executed as block trades provided the sum of the legs of the spread meets the larger of the threshold requirements for the underlying products. For example, the minimum block trade thresholds for 2-Year DSF and 10-Year DSF are 3,000 and 1,000 contracts, respectively. Thus, a spread between these two contracts may be executed as a block trade if the sum of the quantities of the legs is at least 3,000 contracts.

Inter-commodity futures spreads or combinations excluding those composed only of DSF or composed only of EUR IRS (e.g., 10-Year Treasury Notes vs. 10-Year DSF) may be executed as block trades provided each leg of the spread meets the minimum threshold requirement for the respective underlying products. For example, the minimum block trade thresholds for 10-Year Treasury Note futures and 10-Year DSF during RTH are 5,000 contracts and 1,000 contracts, respectively. A spread between these two contracts can be executed as a block trade, therefore, only if the quantity of the 10-Year Treasury Note leg is at least 5,000 contracts and the quantity of the 10-Year DSF leg is at least 1,000 contracts.

iv.) U.S. Treasury Futures and Forward-Starting Libor Reference Interest Rate Swaps ("Treasury Invoice Spreads")

Contingent trades in Treasury Invoice Spreads where the block trade minimum thresholds for block trades in outright CBOT Treasury futures are circumvented are prohibited.

***** Exceptions for Options/Futures Spreads**

Weather and Housing

An exception applies to Weather and Housing options/futures spreads, where the legs of the spread may be summed to meet the 20-contract minimum threshold.

7. Block Trade Submission

Block trades in CME, CBOT, NYMEX and COMEX products must be submitted via CME Direct or CME ClearPort.

a) Submission Time Requirements

After a block trade is consummated it must be submitted to the Exchange via CME Direct or CME ClearPort within 5 or 15 minutes, depending on the product. Submission via CME Direct or CME ClearPort will result in a price report to the marketplace and submission to CME Clearing provided both sides of the trade pass the required credit check and the relevant terms of the respective sides of the trade match.

Where it is necessary for parties to agree to the individual leg prices on certain spread and combination trades to submit the trade, parties must do so as expeditiously as possible after agreeing to engage in the block trade.

Block trade prices are reported independently of transaction prices in the regular market and are not included as part of the daily trading range.

CME/ CBOT	
Reported within 5 Minutes	**Reported within 15 Minutes**

<table>
<tr>
<td rowspan="2">Except as specified in the boxes to the right of this table, block trades in all block-eligible CME and CBOT products must be submitted within 5 minutes of execution.

Inter-commodity block spread or combination trade that includes a DSF or EUR IRS leg(s) and a leg(s) subject to a 5-minute submission requirement requires that the block spread or combination trade be submitted within 5 minutes of execution.</td>
<td>Block Trades during European or Asian hours (ETH or ATH)* in Foreign Exchange and Interest Rate products, including Treasury Invoice Spreads must be submitted within 15 minutes of execution.

Block trades in select CME and CBOT Agricultural futures products and all CME and CBOT Agricultural options products must be submitted within 15 minutes of execution.</td>
</tr>
<tr>
<td>Block trades in Weather, Housing, DSF and EUR IRS contracts must be submitted within 15 minutes of execution.</td>
</tr>
</table>

* For purposes of CME Foreign Exchange and CME and CBOT Interest Rate products, the following times apply:

ETH: 12:00 a.m. – 7:00 a.m. CT, Monday through Friday on regular business days
RTH: 7:00 a.m. – 4:00 p.m. CT, Monday through Friday on regular business days
ATH: 4:00 p.m. – 12:00 a.m. CT, Monday through Friday on regular business days and at any time on weekends

<table>
<tr><th colspan="2">NYMEX/ COMEX</th></tr>
<tr><th>Reported within 5 Minutes</th><th>Reported within 15 Minutes</th></tr>
<tr>
<td><u>Outright Futures</u>

• Brent Crude Oil Last Day Financial futures (BZ)
• Light Sweet Crude Oil futures (CL)
• New York Harbor ULSD Heating Oil futures (HO)
• Henry Hub Natural Gas futures (NG)
• RBOB Gasoline futures (RB)
• Gold futures (GC)
• Silver futures (SI)
• Copper futures (HG)</td>
<td>All other block-eligible NYMEX and COMEX futures and options products and all spreads and combinations in block-eligible NYMEX and COMEX futures and options products must be submitted within 15 minutes of execution.</td>
</tr>
</table>

b) Additional Submission Requirements and Obligations

Since July 17, 2017, all block trades have been required to be submitted directly to CME Clearing via CME Direct, the CME ClearPort User Interface (UI), or the CME ClearPort API through proprietary or 3rd party software. CME Direct connects to the CME ClearPort API.

For the block trade to be price reported to the marketplace and submitted to CME Clearing, both sides of the trade must pass the required credit check and the relevant terms of the respective sides of the trade must match. If either side does not pass the required credit check or the terms do not match, the block trade price will not be reported to the marketplace and the block trade will remain uncleared.

Entry into CME Direct or CME ClearPort may be done by each of the counterparties to the trade (single-sided entry) or via a broker or other authorized representative (dual-sided entry).

For single-sided entry, the buyer and seller of a block trade may agree to separately enter their side of the block trade into CME Direct or CME ClearPort, indicating each other as the opposite party. In this circumstance, **both** the buyer and seller must enter their respective side of the transaction within the required time-period.

For single-sided entry, one side of a trade (either the buyer or seller) may agree to enter their respective side of the trade and allege that trade against the other party. In this circumstance, the other party must ensure the alleged trade is accepted (complete with the correct account information for their side) within the required time-period. Consequently, the first party entering their side of the trade should ensure the information being entered is correct and must leave enough time for the second party to accept the trade within the requisite time-period.

For dual-sided entry where a broker or other representative is entering the buy and sell side of the block trade on behalf of the counterparties, the broker or other representative is responsible for the entry of the block trade within the requisite time-period.

Block Trades in CME and CBOT Products

Block trades may be entered in CME Direct or CME ClearPort from 6:00 p.m. CT through 5:45 p.m. CT each business day. CME Direct and CME ClearPort do not permit the entry of CME and CBOT block trades between 5:45 p.m. CT and 6:00 p.m. CT each business day or at any time on weekends. CME and CBOT block trades negotiated immediately prior to and during the time that block trade entry is not permitted must be entered by 6:05 p.m. CT for products subject to a 5-minute reporting requirement or by 6:15 p.m. CT for products subject to a 15-minute reporting requirement.

Block Trades in NYMEX and COMEX Products

Block trades may be entered in CME Direct or CME ClearPort from 5:00 p.m. CT/6:00 p.m. Eastern Time ("ET") through 4:00 p.m. CT/5:00 p.m. ET each business day. CME Direct and CME ClearPort do not permit the entry of NYMEX and COMEX block trades between 4:00 p.m. CT/5:00 p.m. ET and 5:00 p.m. CT/6:00 p.m. ET each business day or at any time on weekends. NYMEX and COMEX block trades negotiated immediately prior to and during the time that block trade entry is not permitted must be entered by 5:05 p.m. CT/6:05 p.m. ET for products subject to a 5-minute reporting requirement or by 5:15 p.m. CT/6:15 p.m. ET for products subject to a 15-minute reporting requirement.

Block trades negotiated at any other time during which CME Direct or CME ClearPort are closed must be submitted no later than 5 or 15 minutes after the time CME Direct or CME ClearPort reopens, depending on the reporting requirement for the specific product.

Block trades may also be reported to the CME ClearPort Facilitation Desk/Global Command Center by calling +1 800 438 8616 in the U.S., +44 20 7623 4747 in Europe, +65 6532 5010 in Asia, or via email at FacDesk@cmegroup.com. **Please note that for the Facilitation Desk to submit the trade, the counterparty accounts must be registered with credit limits and product permissions set up in CME Account Manager.**

The Facilitation Desk is closed from 4:30 p.m. CT/5:30 p.m. ET Friday through 5:00 p.m. CT/6:00 p.m. ET Sunday.

c) Information Required for Reporting Block Trades to the CME ClearPort Facilitation Desk

When reporting a block trade to the CME ClearPort Facilitation Desk, the following information will be required:

- Contract, contract month and contract year for futures, and, additionally for options, strike price and put or call designation for standard options, as well as the expiration date and exercise style for flex options;
- Quantity of the trade or, for spreads and combinations, the quantity of each leg of the trade;
- Price of the trade or, for certain spreads and combinations, the price of each leg of the trade;
- Account numbers for each side of the trade;
- Buyer's clearing firm and seller's clearing firm;
- Name and phone number of the party reporting the trade (for block trades reported via telephone or email);
- For block trades reported via phone or email, counterparty name and contact information must also be provided for trade verification purposes; and
- Execution time (to the nearest minute in Central/Eastern Time) of the trade. The execution time is the time at which the trade was consummated.

A block trade in a block-eligible option may be executed up to and including the day on which an option contract expires for purposes of offsetting an open option position, provided the offsetting block trade is submitted via CME Direct or CME ClearPort no later than the beginning of the CME ClearPort maintenance window which begins at 4:00 p.m. Central Time each business day.

The failure to submit timely, accurate and complete block trade reports may subject the party responsible for the reporting obligation to disciplinary action. Parties shall not be sanctioned for block reporting infractions deemed to arise from factors beyond the reporting party's control (e.g. the block trade fails the CME ClearPort automated credit check).

Please note that the execution time of a block trade is the time that the parties agree to the trade. Market participants must accurately report the execution time of the block trade. The reporting of inaccurate execution times may result in disciplinary action.

8. Block Trade Recordkeeping

Complete order records for block trades must be created and maintained pursuant to Rule 536 and CFTC Regulations. Additionally, the time of execution of the block trade must also be recorded for all block trades.

9. Error Remediation

Dual-Sided Entry

For dual-sided entry where a broker or other representative has entered the buy and sell side of the block trade on behalf of the counterparties and the trade has cleared, but for which the broker or other representative has made an error in the terms of the trade, the error may be corrected as follows:
If the error is discovered on the same CME Direct or CME ClearPort trade date on which submission occurred (5:00 p.m. to 4:00 p.m. Central Time each business day), the broker or other representative may void the erroneous submission and resubmit the block trade with the correct information.

If the error is discovered after the CME Direct or CME ClearPort trade date on which submission occurred, the broker or other representative may request the Exchange to correct the error within three business days.

Single-Sided Entry

For single-sided entry where the trade has cleared, but where an error has been made in the terms of the trade, either party may request the Exchange to correct the error within three business days.

All correction requests made to the Exchange must include evidence that the counterparties to the block trade agree to the correction request. All correction requests are subject to review and approval by the Exchange.

To request a correction please contact the CME ClearPort Facilitation Desk/Global Command Center at 1.800.438.8616 in the U.S., +44 20 7623 4747 in Europe, +65 6532 5010 in Asia, or via email at FacDesk@cmegroup.com.

Error correction requests received after the three-business-day window may not take place without the express approval of CME Clearing. Market participants should contact CME Clearing Services at 312.207.2525.

10. Dissemination of Block Trade Information

The date, execution time, contract month, price and quantity of block trades are automatically reported once they are cleared. Block trade information is reported on the MerQuote system and may be accessed by entering the code "BLK". Block trade information is also displayed on the CME Group website at the following link: http://www.cmegroup.com/tools-information/blocktrades.html. Block trade information is also displayed on the trading floor.

Block trade prices are published separately from transactions in the regular market.

Block trade volume is also identified in the daily volume reports published by the Exchange.

11. Use of Nonpublic Information Regarding Block Trades

a) General

Parties involved in the solicitation or negotiation of a block trade may not disclose the details of those communications to any other party for any purpose other than to facilitate the execution of the block trade. Parties privy to nonpublic information regarding a consummated block trade may not disclose such information to any other party prior to the public report of the block trade by the Exchange. A broker negotiating a block trade on behalf of a customer may disclose the identity of the customer to potential counterparties, including the counterparty with which the block trade is consummated, only with the permission of the customer.

Parties solicited to provide a two-sided block market are not deemed to be in possession of nonpublic information provided side of market interest is not disclosed in the context of the solicitation.

b) Pre-Hedging/Anticipatory Hedging

Parties to a potential block trade may engage in pre-hedging or anticipatory hedging of the position that they believe in good faith will result from the consummation of the block trade, except for an intermediary that takes the opposite side of its own customer order. In such instances, prior to the consummation of the block trade, the intermediary is prohibited from offsetting the position established by the block trade in any account which is owned or controlled, or in which an ownership interest is held, or for the proprietary account of the employer of such intermediary. The intermediary may enter into transactions to offset the position only after the block has been consummated.

It shall be a violation of Rule 526 for a person to engage in the front running of a block trade when acting on material nonpublic information regarding an impending transaction by another person, acting on nonpublic information obtained through a confidential employee/employer relationship, broker/customer relationship, or in breach of a pre-existing duty.

The Exchange may proceed with an enforcement action when the facts and circumstances of pre-hedging suggest deceptive or manipulative conduct by any of the involved parties, including when an intermediary handling a customer order acts against its customer's best interests.

This guidance applies only in the context of pre-hedging of block trades. This guidance does not affect any requirement under the CEA or Commission Regulations.

12. TAS & TAM Block Trades

Certain block-eligible futures contract months may be executed as block trades and assigned the current day's settlement price or any valid price increment ten ticks higher or lower than the settlement price ("TAS block trades"). Certain block-eligible futures contract months may also be executed as block trades and assigned the current day's marker price or any valid price increment ten ticks higher or lower than the marker price ("TAM block trades").

Additionally, intra-commodity calendar spreads may be executed as TAS or TAM block trades provided the underlying spread is eligible for TAS or TAM trading. Please refer to the most recent Advisory Notice on TAS and TAM transactions for the list of products, contract months and spreads for which TAS or TAM pricing is permitted.

The pricing of the legs of a TAS or TAM calendar spread block trade will be calculated as follows:

- The nearby leg of the spread will always be priced at the settlement or marker price, as applicable, for that contract month.

- The far leg of the spread will be priced at the settlement or marker price, as applicable, for that contract **minus** the allowable TAS or TAM price increment traded (–10 through +10), except in circumstances where the traded TAS or TAM price is the actual settlement or marker price of the contract.

TAS block trades, including eligible TAS calendar spread block trades, may not be executed on the last day of trading in an expiring contract.

The products and contract months in which TAS and TAM block trades are permitted are set forth in the list of block trade eligible products which is available on the CME Group website via the following link:

NYMEX & COMEX Block Trade-Eligible Products and Minimum Quantity Thresholds

13. Basis Trade at Index Close ("BTIC") Block Trades

A BTIC Transaction is a futures transaction that is priced with reference to the applicable cash index close price. For a BTIC block trade executed on a given Trading Day on or before the scheduled close of the underlying primary securities market, the corresponding futures price shall be made by reference to the Index closing value for the current Trading Day. BTIC block trades will not be permitted on the last day of trading in an expiring contract month.

A list of BTIC block-eligible products and block minimum thresholds is available on the CME Group website via the following link:

BTIC Block Trades Table

The futures price assigned to a BTIC block trade will be based on either:

- the current day's close price of the relevant cash index as specified in the relevant rule chapter; or

- the current day's close price of the relevant cash index as specified in the relevant rule chapter adjusted by any valid price increment (the "Basis") higher or lower than the relevant cash index close price. The Basis must be stated in full tick increments as set forth in the relevant rule chapter.

The Basis applied to a BTIC block trade must be fair and reasonable taking into account financing rates, expected dividend income and the time remaining until the applicable futures contract expires.

The futures price of a BTIC block trade will be determined by the Exchange at 3:45 p.m. Central Time and the Exchange-determined price will be final at that time. In the event of an early scheduled close of the primary securities market, the futures price of a BTIC block trade will be determined by the Exchange 45 minutes after the early scheduled close time for the primary securities market, and the Exchange-determined price will be final at that time. In the event of an equity market disruption in the primary securities market, all BTIC block trades will be cancelled for that trade date.

BTIC block trades **may not** be executed as a spread transaction. Parties wishing to effectuate a block spread transaction in either product will be required to negotiate the transaction as separate outright BTIC block trades, and each leg must meet the minimum threshold.

14. Text of Rule 526

Rule 526 BLOCK TRADES

The Exchange shall designate the products in which block trades shall be permitted and determine the minimum quantity thresholds for such transactions. Additionally, with respect to block trades in swaps, the minimum size for such transactions shall be established at levels at or in excess of those set forth in Appendix F to Part 43 of CFTC Regulations *[this sentence appears solely in CBOT's rule]*. The following shall govern block trades:

A. A block trade must be for a quantity that is at or in excess of the applicable minimum threshold. Orders may not be aggregated in order to achieve the minimum transaction size, except by those entities described in Sections I. and J.

B. Each party to a block trade must be an Eligible Contract Participant as that term is defined in Section 1a(18) of the Commodity Exchange Act.

C. A member shall not execute any order by means of a block trade for a customer unless such customer has specified that the order be executed as a block trade.

D. The price at which a block trade is executed must be fair and reasonable in light of (i) the size of the block trade, (ii) the prices and sizes of other transactions in the same contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including without limitation the underlying cash market or related futures markets, at the relevant time, and (iv) the circumstances of the markets or the parties to the block trade.

E. Block trades shall not set off conditional orders (e.g., Stop Orders and MIT Orders) or otherwise affect orders in the regular market.

F. Unless otherwise agreed to by the principal counterparties to the block trade, the seller, or, in the case of a brokered transaction, the broker handling the block trade, must ensure that each block trade is reported to the Exchange within the time period and in the manner specified by the Exchange. The report must include the contract, contract month, price, quantity of the transaction, the respective clearing members, the time of execution, and, for options, strike price, put or call and expiration month. The Exchange shall promptly publish such information separately from the reports of transactions in the regular market.

G. Block trades must be reported to the Clearing House in accordance with an approved reporting method.

H. Clearing members and members involved in the execution of block trades must maintain a record of the transaction in accordance with Rule 536.

I. A commodity trading advisor ("CTA") registered or exempt from registration under the Act, including, without limitation, any investment advisor registered or exempt from registration under the Investment Advisors Act of 1940, shall be the applicable entity for purposes of Sections A., B., C., and D., provided such advisors have total assets under management exceeding $25 million and the block trade is suitable for the customers of such advisors.

J. A foreign Person performing a similar role or function to a CTA or investment advisor as described in Section I, and subject as such to foreign regulation, shall be the applicable entity for purposes of Sections A., B., C., and D., provided such Persons have total assets under management exceeding $25 million and the block trade is suitable for the customers of such Persons.

15. Contact Information

Questions regarding this Advisory Notice may be directed to the following individuals:

Market Regulation:	Jennifer Dendrinos, Director, Investigations	312.341.7812
	Urmi Graft, Manager, Investigations	312.341.7639
	Mary Cantagallo, Lead Investigator, Investigations	312.341.7632
	Erin Middleton, Lead Rules & Regulatory Outreach Specialist	312.341.3286
	Shawn Tan, Senior Rules & Regulatory Outreach Specialist	+65 65935580
	Robert Sniegowski, Executive Director, Rules & Regulatory Outreach	312.341.5991

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.

Exhibit B

MARKET REGULATION ADVISORY NOTICE

Exchange	CME, CBOT, NYMEX & COMEX
Subject	Position Limits and Accountability Levels
Rule References	Rules 559, 560, and 562
Advisory Date	August 11, 2017
Advisory Number	CME Group RA1711-5

Effective immediately, this Advisory Notice supersedes CME Group Market Regulation Advisory Notice RA1703-5 from April 10, 2017. It is being issued based on the CFTC Division of Market Oversight's no-action relief from certain position aggregation requirements under Commission Regulation 150.4 issued on August 10, 2017, pursuant to CFTC Letter No. 17-37

On April 24, 2017, CME, CBOT, NYMEX and COMEX adopted revisions to Rule 559.D. ("Aggregation of Positions") and E. ("Exemptions from Aggregation") which incorporated language from CFTC Regulation 150.4(b) into the text of Rules 559.D. and E.

While CME, CBOT, NYMEX and COMEX are not amending the text of Rules 559.D. or E., the Exchanges are adopting the CFTC no-action relief with respect to the enforcement of those rules, and the answers to Questions 8 and 9 of the FAQ section of this Advisory Notice have been updated accordingly.

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

<u>For NYMEX and COMEX Products</u>

Tom Dixon, Manager, 212.299.2901
Ryne Toscano, Sr. Director, 212.299.2879

<u>For CME and CBOT Products</u>

Brian Babinski, Lead Analyst, 312.341.5822
Michael Joubert, Manager, 312.341.7714
Sandra Valtierra, Manager, 312.347.4137
Chris Reinhardt, Sr. Director, 312.435.3665

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.

FAQ Related to Position Limits, Position Accountability and Reportable Levels

Q1: What is the difference between Position Limits, Accountability and Reportable Levels?

A1: **Position Limits** are levels which a market participant may **not** exceed unless they have an approved exemption. Any positions in excess of these limits would be considered a rule violation pursuant to Rule 562.

Position Limits are calculated on a net futures-equivalent basis by contract, and include contracts that aggregate into one or more base contracts as set forth in the Table.

Position Accountability Levels are levels which a market participant may exceed and not be in violation of an Exchange Rule. A market participant who exceeds an accountability (or reportable) level may be asked by the Market Regulation Department (the "Department") to provide information relating to the position, including, but not limited to, the nature and size of the position, the trading strategy employed with respect to the position, and hedging information, if applicable. Failure to supply the requested information may result in an order to reduce such positions, in addition to disciplinary action as a result of the failure.

Additionally, any market participant who has a position in excess of an accountability level is deemed to have consented, when so ordered by the Department to:

- not further increase the positions;
- comply with any limit on the size of the position; and/or
- reduce any open position which exceeds a position accountability level.

Generally, these actions would be taken only after having been contacted by the Department regarding the open positions.

The Department calculates positions using three separate methods for purposes of its position accountability reviews. Any position that exceeds an accountability level based on any of the three methods is considered by the Department to be in excess of the accountability level. The three methods are as follows:

1. Spot Month/Single Month/All Month Accountability Levels are calculated on a net futures-equivalent basis by contract, and include contracts that aggregate into one or more base contracts as set forth in the Table.

2. Spot Month/Single Month/All Month Accountability Levels are calculated on a net futures-only basis.

3. Spot Month/Single Month/All Month Accountability Levels for options are calculated per option quadrant (long call, long put, short call, short put) on a gross basis.

Reportable Levels are levels at which clearing members, omnibus accounts and foreign brokers are required to submit to the Exchange a daily report of all positions as set forth in the Table. Positions at or above the reportable level in a particular expiration month of a futures contract, or in all puts or in all calls of a particular option contract expiration month, trigger the reportable status. A person who is reportable in a particular product must report **all open positions** in all futures and in all open puts or calls on such futures in the product and in any product that aggregates into the product, **regardless of size**.

Market participants should be aware that not all products have position limits or position accountability levels. Position limits, position accountability levels and reportable levels are listed in each Exchange's Table and may be accessed via the following link:
http://www.cmegroup.com/market-regulation/position-limits.html

Q2: What is the difference between Spot-Month, Second Spot-Month, Single Month and All Month for purposes of position limits and position accountability levels, and when do they go into effect?

A2: **Spot-Month** generally goes into effect as a particular contract month becomes the closest contract month to expiration or as a contract nears expiration. The dates vary by contract and market participants should reference the Table to identify when the spot month limits go into effect. For example, NYMEX Light Sweet Crude Oil futures has a spot month limit of 3,000 net futures equivalent contracts that becomes effective at the close of trading three business days prior to the last trading day of the contract month.

Subsequent Spot-Month limits are lower than spot month limits and go into effect after the initial spot-month limit, as the contract month nears expiration. For example, in CME Live Cattle futures the spot month limit is reduced from 450 net futures equivalent contracts effective at the close of trading on the first business day following the first Friday of the contract month to 300 net futures equivalent contracts effective at the close of trading on the business day immediately preceding the last 5 trading days of the contract month. Additionally, the limit changes from 300 to 200 at the close of trading on the business day prior to the last 2 trading days of the contract month.

Single Month is defined as the position held in any given contract month outside of the spot period effective date. For example, a CBOT December 2016 Corn futures contract has a single month limit of 33,000 net futures equivalent contracts prior to the spot-month effective date.

All Month is defined as the net open position held across all contract months of a particular product and is effective at all times. For example, the CME S&P 500 Stock Price Index futures all month limit is 60,000 net futures equivalent contracts. If a market participant is long 32,000 September2018 contracts, long 30,000 December 2018 contracts and short 1,000 March 2018 contracts, the all month position is long 61,000 net futures equivalent contracts. They would be over the all month limit by 1,000 contracts.

The Department publishes a monthly notice of spot month effective dates for core products. The notice is posted on the CME Group website and is also available via an email subscription.

Website: Select Category – Market Regulation & Market Surveillance

http://www.cmegroup.com/tools-information/advisorySearch.html#category=SER&cat=advisorynotices:Advisory+Notices

Email: Select Market Regulation Advisories – Market Surveillance Notices

http://pages.cmegroup.com/subscription-center-sign-up.html

Q3: Are there limits for holding delivery instruments?

A3: Yes, for the CBOT products specified below. Where applicable, the limits on holdings of registered and outstanding shipping certificates/warehouse receipts are located in the applicable product chapter in the pertinent Exchange Rulebook.

No person shall own or control more than the below amount of registered and outstanding shipping certificates/warehouse receipts issued by facilities designated by the Exchange as regular to issue shipping certificates unless they have received a hedge exemption from the Exchange. This includes any mini-sized certificates (in futures equivalent contracts).

Corn	600	Wheat	600
Soybean	600	Oat	600
Soybean Oil	540	Rough Rice	600
Soybean Meal	720		

Q4: Do deliveries impact the futures position in the spot month for purposes of compliance with spot month position limits?

A4: For Platinum, Palladium, Copper, Silver, Gold, E-micro Gold, KC Hard Red Winter Wheat and Mini-Sized KC HRW Wheat, the spot month position limit is comprised of futures and deliveries. For example if a market participant takes delivery (stops) 50 contracts in the beginning of the month and later in the month adds 100 long spot month futures their spot month position is 150 long for position limit purposes.

Q5: How does aggregation of contracts work?

A5: The aggregation of contracts for single month, all month and spot-month are noted in each Table.

Using the Spot-Month as an example, for a contract that aggregates into only one base contract during the spot-month, the base contract will be identified in the "Spot-Month Aggregate Into Futures Equivalent Leg (1)" column of the Table and will denote a positive correlation with the base contract. The aggregation ratio for the Leg (1) base contract will be identified in the "Aggregate Into Ratio Leg (1)" column of the Table.

For contracts that aggregate into two separate base contracts during the spot month, the base contract noted in the "Spot-Month Aggregate Into Futures Equivalent Leg (1)" column of the Table will denote a positive correlation, and the aggregation ratio for the Leg (1) base contract will be identified in the "Aggregate Into Ratio Leg (1)" column of the Table. The base contract noted in the "Spot-Month Aggregate Into Futures Equivalent Leg (2)" column of the Table will denote a negative correlation with respect to the base contract, and the aggregation ratio for the Leg (2) base contract will be identified in the "Aggregate Into Ratio Leg (2)" column of the Table**.**

While mini-sized futures contracts in CBOT Corn, Soybean, Wheat and KC HRW Wheat aggregate into the respective full-sized contracts, for position limit purposes, full-sized and mini-sized contracts in CBOT Corn, Soybean, Wheat, and KC HRW Wheat may **<u>not</u>** be netted. For example, a long open CBOT Corn position of 610 contracts may not be reduced by a short open CBOT Mini-Sized Corn position of 10 full-sized equivalent contracts for purposes of calculating compliance with the CBOT Corn futures position limit. However, a long open CBOT Corn position of 510 contracts will be aggregated with a long open CBOT Mini-Sized Corn position of 100 full-sized equivalent contracts, resulting in an aggregate open long position of 610 contracts.

Notwithstanding the foregoing, the offsetting of different sized futures positions is available in certain futures contracts. Pursuant to each Exchange's Rule 855, market participants may **<u>offset and liquidate</u>** certain long mini-sized futures positions against short full-sized futures positions or short mini-sized futures positions against long full-sized futures positions that are held in the same account. *See the applicable version of Rule 855 for specific eligible contracts and ratios.*

Q6: How are options on futures counted for purposes of position limits?

A6: Option positions are aggregated into the underlining futures contracts in accordance with the Table on a delta equivalent value.

If a position exceeds position limits as a result of an option assignment, the person who owns or controls such position shall be allowed one business day to liquidate the excess position without being considered in violation of the limits. Additionally, if, at the close of trading, a position that includes options exceeds position limits when evaluated using the delta factors as of that day's close of trading, but does not exceed the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation.

Q7: What does a diminishing balance contract mean and how do you calculate its futures equivalence?

A7: Diminishing balance contracts are specific futures contracts whose front month position in any given contract month diminishes as the contract month progresses towards expiration/month end for purposes of position limits. Typically, a contract diminishes each Exchange business day a portion of the final settlement price is established. The number of Exchange business days varies depending on the calendar month, and in calculating a diminishing balance market participants should exclude the calendar date of any U.S. holiday as set forth in the CME Globex Holiday Calendar available on the CME Group website.

Diminishing balance contracts are typically those where the final settlement price is equal to the arithmetic average of a determined referenced price for each business day that it is determined during the contract month; or the balance of the month average of a determined referenced price for each business day that it is determined during the contract month, starting from the selected start date through the end of the contract month, inclusive.

Diminishing balance contracts are identified as such in the Table.

The below are examples of diminishing balance contracts and their futures equivalent value.

Example 1: Chicago CBOB Gasoline (Platts) Futures (commodity code "2C")

Customer holds 6,600 October 2015 "2C" contracts going into October 2015 and does not add or liquidate any positions during the month.

	Futures Position	Futures Equivalent Position
Start of Day Position	2C October 2015 Contract	2C October 2015 Contract
10/1/2015	6,600	6,600
10/2/2015	6,600	6,300
10/5/2015	6,600	6,000
10/6/2015	6,600	5,700
10/7/2015	6,600	5,400
10/8/2015	6,600	5,100
10/9/2015	6,600	4,800
10/12/2015	6,600	4,500
10/13/2015	6,600	4,200
10/14/2015	6,600	3,900
10/15/2015	6,600	3,600
10/16/2015	6,600	3,300
10/19/2015	6,600	3,000
10/20/2015	6,600	2,700
10/21/2015	6,600	2,400
10/22/2015	6,600	2,100
10/23/2015	6,600	1,800
10/26/2015	6,600	1,500
10/27/2015	6,600	1,200
10/28/2015	6,600	900
10/29/2015	6,600	600
10/30/2015	6,600	300

Example 2: WTI Financial Futures (commodity code "CS")

“CS” aggregates into Crude Oil Last Day Financial Futures (commodity code "26")

Customer holds 110 October 2015 "CS" contracts going into October 2015 and does not add or liquidate any positions during the month. Below are their futures equivalent positions in the November and December 2015 "26" contracts.

“CS" position would be added to any other "26" contracts

	Futures Position	Futures Equivalent Position	
Start of Day Position	CS October 2015 Contract	26 November 2015 Contract	26 December 2015 Contract
10/1/2015	110	70	40
10/2/2015	110	65	40
10/5/2015	110	60	40
10/6/2015	110	55	40
10/7/2015	110	50	40
10/8/2015	110	45	40
10/9/2015	110	40	40
10/12/2015	110	35	40
10/13/2015	110	30	40
10/14/2015	110	25	40
10/15/2015	110	20	40
10/16/2015	110	15	40
10/19/2015	110	10	40
10/20/2015*	110	5	40
10/21/2015	110	0	40
10/22/2015	110	0	35
10/23/2015	110	0	30
10/26/2015	110	0	25
10/27/2015	110	0	20
10/28/2015	110	0	15
10/29/2015	110	0	10
10/30/2015	110	0	5

*Please note that 10/20/2015 is the last trading day for the November 2015 “26” contract

<u>Example 3: RBOB Gasoline BALMO Futures (commodity code “1D”)</u>

“1D” aggregates into RBOB Gasoline Last Day Financial Futures (commodity code “27”)

Customer holds 100 October 19th 2015 "1D" contracts and does not add or liquidate any positions during the month. Below are their futures equivalent positions in the November 2015 "27" contract.

"1D" position would be added to any other "27" contracts

	Futures Positions	Futures Equivalent Positions
Start of Day Position	1D October 19, 2015 Contract	27 November 2015 Contract
10/19/2015	100	100

10/20/2015	100	90
10/21/2015	100	80
10/22/2015	100	70
10/23/2015	100	60
10/26/2015	100	50
10/27/2015	100	40
10/28/2015	100	30
10/29/2015	100	20
10/30/2015	100	10

Q8: How does aggregation of accounts work with respect to position limits and position accountability levels?

A8: Aggregation of positions is based on ownership or control. All positions in accounts for which any person, by power of attorney or otherwise, directly or indirectly controls trading or holds a 10 percent or greater ownership or equity interest must be aggregated with the position held and trading done by such person. For the purpose of determining the positions in accounts for which any person controls trading or holds a 10 percent or greater ownership or equity interest, positions or ownership or equity interests held by, and trading done or controlled by, two or more persons acting pursuant to an expressed or implied agreement or understanding shall be treated the same as if the positions were held by, or the trading were done or controlled by, a single person.

While CFTC Regulation 150.4(a)(2) requires any person that, by power of attorney or otherwise, holds or controls the trading of positions in more than one account or pool with substantially identical trading strategies, to aggregate all such positions, the no-action relief issued by the CFTC on August 10, 2017, provides relief from this provision except in a situation where such person holds or controls the trading of such positions in order to willfully circumvent applicable position limits (see CFTC Letter No. 17-37).

Q9: **Are there exemptions from the account aggregation requirements?**

A9: Yes. Exemptions from aggregation in all products subject to Exchange position limits must comply with the provisions of CFTC Regulation 150.4(b). Parties must file with the CME Market Regulation Department (Market_Reg_Surveillance_Chgo@cmegroup.com) via email, and the filing must include:

1. A description of the relevant circumstances that warrant disaggregation; and
2. A statement of a senior officer of the entity certifying that the conditions set forth in the applicable aggregation exemption provision have been met.

Filing for products not subject to federal positions limits may occur at any time prior to exceeding a position limit. After exceeding a position limit, filing should occur within a reasonable period of time, which is generally considered 5 business days.

For products subject to federal limits, the CFTC has specific timing requirements set forth in Regulation 150.4(c) (Notice filing for exemption) for which the CFTC has provided no-action relief on August 10, 2017 (see CFTC Letter No. 17-37).

A market participant that files an exemption from federal position limits with the CFTC must also provide a copy of the CFTC filing to Market_Reg_Surveillance_Chgo@cmegroup.com

Q10: How can a market participant obtain an exemption from position limits?

A10: A market participant seeking an exemption from position limits must apply by completing a form provided by the Department. Market participants may be eligible to receive an exemption from position limits in accordance with Rule 559 based on having bona fide hedging positions (as defined in CFTC Regulation §1.3(Bona fide hedging transactions and positions for excluded commodities), risk management positions and/or arbitrage and spread positions.

A market participant intending to exceed position limits, including limits established pursuant to a previously approved exemption, must file the required application and receive approval from the Department prior to exceeding such limits. However, a person who establishes an exemption-eligible position in excess of position limits and files the required application with the Department will not be in violation of Rule 559 provided that the filing occurs within five (5) business days after assuming the position, except in circumstances where the Department requires a person to file prior to the fifth business day. In the event the positions in excess of the limits are not deemed to be exemption-eligible, the applicant and clearing firm will be in violation of speculative position limits for the period of time in which the excess positions remained open.

The Department may approve, deny, condition or limit any exemption request based on factors deemed by the Department to be relevant, including, but not limited to, the applicant's business needs and financial status, as well as whether the positions can be established and liquidated in an orderly manner given characteristics of the market for which the exemption is sought.
A person who has received written authorization from the Department to exceed position limits must annually file an updated application no later than one year following the approval date of the most recent application. Failure to file an updated application will result in expiration of the exemption.

To obtain an exemption application or for further information on the exemption application process, please contact the Department via the email addresses provided below.

For CME and CBOT products: Hedgeprogram@cmegroup.com

For NYMEX and COMEX products: NYhedgeprogram@cmegroup.com

Q11: Are position limits effective intraday?

A11: Yes, any positions, including positions established intraday, in excess of those permitted under the rules are deemed to be position limit violations.

Q12: Do positions established as a result of Trading at Settlement ("TAS"), Trading at Marker ("TAM") or Basis Trade at Index Close ("BTIC") rules subject to position limits?

A12: Yes, in both intraday and at the end of the day. TAS, TAM and BTIC are pricing conventions for executions occurring in an underlying existing Exchange product, and as such, are included in determining compliance with position limits. For intraday purposes, the position is included immediately upon execution of the trade, and **not** when the settlement, marker or Index price is published.

Q13: Does an order that has been placed but not executed count for purposes of determining compliance with a position limit?

A13: No, unfilled orders do not constitute an open position for position limit purposes. Notwithstanding the foregoing, market participants should be aware of Rule 575 ("Disruptive Practice Prohibited") and the associated Market Regulation Advisory Notice with respect to order entries.

Q14: Are Clearing Members in violation of position limits if their clients exceed a limit?

A14: Except as set forth in the answer to FAQ 9, a clearing member shall not be in violation of position limits if it carries positions for its customers in excess of the applicable position limits for such reasonable period of time as the firm may require to discover and liquidate the excess positions. A reasonable period of time shall generally not exceed one business day.

Q15: What happens if a market participant exceeds a position limit?

A15: Violation of a position limit is a strict liability offense. The Department will take into account a number of factors in determining the appropriate regulatory action, including, but not limited to, the size of the position in excess of the limit, previous violations, length of the violation and profitability.

Text of Rule 559 – ("Position Limits and Exemptions")

The position limit levels applicable to those contracts with position limits are set forth in the Position Limit, Position Accountability and Reportable Level Table ("Table") in the Interpretations Section at the end of Chapter 5.

A person seeking an exemption from position limits must apply to the Market Regulation Department on forms provided by the Exchange. In order to obtain an exemption from position limits, a person must:

1. Provide a description of the exemption sought, including whether the exemption is for bona fide hedging positions as defined in CFTC Regulation §1.3 (Bona fide hedging transactions and positions for excluded commodities), risk management positions or arbitrage/spread positions;
2. Provide a complete and accurate explanation of the underlying exposure related to the exemption request;
3. Agree to promptly provide, upon request by the Market Regulation Department, information or documentation regarding the person's financial condition;
4. RESERVED
5. Agree to comply with all terms, conditions or limitations imposed by the Market Regulation Department with respect to the exemption;
6. Agree that the Market Regulation Department may, for cause, modify or revoke the exemption at any time;
7. Agree to initiate and liquidate positions in an orderly manner;
8. Agree to comply with all Exchange rules; and
9. Agree to promptly submit a supplemental statement to the Market Regulation Department whenever there is a material change to the information provided in the most recent application.

A person intending to exceed position limits, including limits established pursuant to a previously approved exemption, must file the required application and receive approval from the Market Regulation Department prior to exceeding such limits. However, a person who establishes an exemption-eligible position in excess of position limits and files the required application with the Market Regulation Department shall not be in violation of this rule provided the filing occurs within five (5) business days after assuming the position except in circumstances where the Market Regulation Department requires a person to file prior to the fifth business day. In the event the positions in excess of the limits are not deemed to be exemption-eligible, the applicant and clearing firm will be in violation of speculative limits for the period of time in which the excess positions remained open.

The Market Regulation Department shall, on the basis of the application and any requested supplemental information, determine whether an exemption from position limits shall be granted. The Market Regulation Department may approve, deny, condition or limit any exemption request based on factors deemed by the Department to be relevant, including, but not limited to, the applicant's business needs and financial status, as well as whether the positions can be established and liquidated in an orderly manner given characteristics of the market for which the exemption is sought.

Nothing in this rule shall in any way limit (i) the authority of the Exchange to take emergency action; or (ii) the authority of the Market Regulation Department to review at any time the positions owned or controlled by any person and to direct that such position be reduced to the position limit provided for in the Table.

A person who has received written authorization from the Market Regulation Department to exceed position limits must annually file an updated application not later than one year following the approval date of the most recent application. Failure to file an updated application will result in expiration of the exemption.

559.A. Bona Fide Hedging Positions

The Market Regulation Department may grant exemptions from position limits for bona fide hedge positions as defined in CFTC Regulation §1.3.

Approved bona fide hedgers may be exempted from emergency orders that reduce position limits or restrict trading.

559.B. Risk Management Positions

The Market Regulation Department may grant exemptions from the position limits for risk management positions. For the purposes of this rule, risk management positions are defined as futures and options positions which are held by or on behalf of an entity or an affiliate of an entity which typically buys, sells or holds positions in the underlying cash market, a related cash market, or a related over-the-counter market and for which the underlying market has a high degree of demonstrated liquidity relative to the size of the positions and where there exist opportunities for arbitrage which provide a close linkage between the futures or options market and the underlying market in question. Exemptions related to indexed positions in the over-the-counter market may include corresponding commodity index-based futures and options and/or individual commodity futures and options used as components in replicating an index.

559.C. Arbitrage and Spread Positions

The Market Regulation Department may grant exemptions from the position limits for arbitrage, intracommodity spread, intercommodity spread, and eligible option/option or option/futures spread positions.

559.D. Aggregation of Positions

For the purpose of applying the position limits in the Table, all positions in accounts for which any person, by power of attorney or otherwise, directly or indirectly controls trading or holds a 10 percent or greater ownership or equity interest must be aggregated with the positions held and trading done by such person. For the purpose of determining the positions in accounts for which any person controls trading or holds a 10 percent or greater ownership or equity interest, positions or ownership or equity interests held by, and trading done or controlled by, two or more persons acting pursuant to an expressed or implied agreement or understanding shall be treated the same as if the positions were held by, or the trading were done or controlled by, a single person.

Any person that, by power of attorney or otherwise, holds or controls the trading of positions in more than one account or pool with substantially identical trading strategies, must aggregate all such positions in accordance with the provisions of CFTC Regulation 150.4(a)(2).

559.E. Exemptions from Aggregation

Exemptions from aggregation in all products subject to Exchange position limits must comply with the provisions of CFTC Regulation 150.4(b).

Any person claiming an exemption from Exchange position limits under the provisions of CFTC Regulation 150.4(b)1(ii), (b)(2), (b)(3), (b)(4), or (b)(7) must provide a notice to the Market Regulation Department which sets forth 1) a description of the relevant circumstances that warrant disaggregation and 2) a statement by a senior officer or executive of the entity certifying that the conditions set forth in the applicable CFTC aggregation exemption provision have been met.

Upon request by the Market Regulation Department, any person claiming an exemption from aggregation under this Section E. must provide any requested information that demonstrates the person meets the applicable requirements for the exemption. Market Regulation, in its sole discretion, may amend, suspend, terminate, or otherwise modify a person's exemption from aggregation for failure to comply with the provisions of this Section E.

In the event of a material change to the information provided in any notice filed under this Section E., an updated or amended notice must be promptly filed with the Market Regulation Department detailing the material change.

559.F. Violations *(CME/CBOT only)*

Violations of position limits and approved exemption limits are subject to the provisions of Rule 562.

559.F. Conditional Limit in NYMEX Last Day Financial Natural Gas Contracts *(NYMEX/COMEX only)*

The Market Regulation Department may grant a Conditional limit in Last Day Financial Natural Gas contracts of up to the equivalent of five thousand (5,000) NYMEX Physical Natural Gas Contracts (NG) during the period that position limits are applicable. Any participant seeking such exemption must agree: (1) not to hold a position in the NG contract during the last three days of trading; (2) provide the Exchange information on the complete book of all positions related to the Henry Hub; and (3) any other information /documentation required by the Exchange

559.G. Violations *(NYMEX/COMEX only)*

Violations of position limits and approved exemption limits are subject to the provisions of Rule 562.

Text of Rule 560 – ("Position Accountability")

A person who owns or controls positions in excess of reportable levels or where such Person otherwise holds substantial positions in contracts traded on the Exchange or cleared by the Clearing House (*CBOT only* : in excess of reportable levels or subject to accountability levels) shall keep records, including records of their activity in the underlying commodity and related derivative markets, and make such records available, upon request, to the Exchange.

Upon request by the Market Regulation Department, such person shall also provide information relating to the positions owned or controlled by that person including, but not limited to, the nature and size of the position, the trading strategy employed with respect to the position, and hedging information, if applicable.

For purposes of this rule, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Additionally, positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding shall be treated the same as if the positions were held by a single person.

If the person from whom such records or information is requested fails to comply as directed, the Market Regulation Department may order the reduction of such position, in addition to taking disciplinary action as a result of such failure.

A person who exceeds position accountability or position limit levels as a result of maintaining positions at more than one clearing firm shall be deemed to have waived confidentiality regarding his position and the identity of the clearing members at which the positions are maintained.

A person who holds or controls aggregate positions in excess of specified position accountability levels or in excess of position limits pursuant to an approved exemption shall be deemed to have consented, when so ordered by the Market Regulation Department, not to further increase the positions, to comply with any prospective limit which exceeds the size of the position owned or controlled, or to reduce any open position which exceeds position accountability or position limit levels. Any order to reduce an open position shall be issued by the Chief Regulatory Officer or his designee, if he determines in his sole discretion, that such action is necessary to maintain an orderly market.

A clearing member that carries positions for another person shall be responsible for taking reasonable and diligent actions to effect the timely compliance with any order issued pursuant to this rule upon notification of such order by the Market Regulation Department.

All positions must be initiated and liquidated in an orderly manner.

Text of Rule 562 – ("Position Limit Violations")

Any positions, including positions established intraday, in excess of those permitted under the rules of the Exchange shall be deemed position limit violations.

If a position exceeds position limits as a result of an option assignment, the person who owns or controls such position shall be allowed one business day to liquidate the excess position without being considered in violation of the limits. Additionally, if, at the close of trading, a position that includes options exceeds position limits when evaluated using the delta factors as of that day's close of trading, but does not exceed the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation.

A clearing member shall not be in violation of this rule if it carries positions for its customers in excess of the applicable position limits for such reasonable period of time as the firm may require to discover and liquidate the excess positions. For the purposes of this rule, a reasonable period of time shall generally not exceed one business day.

A customer who exceeds the position limits as a result of maintaining positions at more than one clearing member shall be deemed to have waived confidentiality regarding his positions and the identity of the clearing members at which they are maintained. A clearing member carrying such positions shall not be in violation of this rule if, upon notification by the Market Regulation Department, it liquidates its pro-rata share of the position in excess of the limits or otherwise ensures the customer is in compliance with the limits within a reasonable period of time.