

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 15-113 (2 of 4)

Organization: The Board of Trade of the City of Chicago, Inc. ("CBOT")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): March 24, 2015 Filing Description: Amendment to Rule 512 ("Reporting Infractions") and Issuance of CME Group Market Regulation Advisory Notice RA1503-5

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

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

**Rule Numbers:** 512

**New Product**

Please note only ONE product per Submission.

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

**Official Product Name:**

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

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

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

**Rule Numbers:**

March 24, 2015

**VIA ELECTRONIC PORTAL**

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

**RE: CFTC Regulation 40.6(a) Certification. Amendment to CME/CBOT/NYMEX/COMEX Rule 512 (“Reporting Infractions”) and Issuance of CME Group Market Regulation Advisory Notice RA1503-5.  
CBOT Submission No. 15-113 (2 of 4)**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME”), The Board of Trade of the City of Chicago, Inc. (“CBOT”), New York Mercantile Exchange, Inc. (“NYMEX”) and Commodity Exchange, Inc. (“COMEX”) (collectively, the “Exchanges”) hereby notify the Commodity Futures Trading Commission (“CFTC” or “Commission”) that they are self-certifying an amendment to Rule 512 (“Reporting Infractions”) to adopt a minimum summary fine amount of \$1,000 for sanctions issued in accordance with the Rule. Additionally, in connection with the amendment, the Exchanges are self-certifying CME Group Market Regulation Advisory Notice RA1503-5 (“RA1503-5”) concerning Rule 512.

The adoption of the minimum fine of \$1,000 is in response to a recommendation by the CFTC contained in its recently-completed Audit Trail Program Rule enforcement review of CME and CBOT. In that review, the Commission indicated that summary fines should not be less than \$1,000.

The amendment to each Exchange’s Rule 512 appears in Exhibit A, with additions underscored. RA1503-5 appears in Exhibit B. The amendment and RA1503-5 will become effective on April 7, 2015.

The Exchanges reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the amendment to Rule 512 and the issuance of RA1503-5 may have some bearing on the following Core Principles:

Availability of General Information: As required by this Core Principle, the Exchanges are publicly issuing RA1503-5 to ensure that market participants have updated guidance and information attendant to Rule 512. The Advisory Notice will also be available on the CME Group website.

Disciplinary Procedures: The imposition of summary fines pursuant to Rule 512 allows timely resolution of identified circumstances of inaccurate, incomplete or untimely submission of data to the Exchanges and CME Clearing. The amendment to adopt a minimum fine of \$1,000 was specifically recommended by the Commission, and, as such, remains in compliance with this Core Principle.

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

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

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A – CME/CBOT/NYMEX/COMEX Rule 512 (blackline format)  
Exhibit B – Market Regulation Advisory Notice 1503-5

## **Exhibit A**

### **CME/CBOT/NYMEX/COMEX Chapter 5 Trading Qualifications and Practices**

(additions are underscored)

#### **512. REPORTING INFRACTIONS**

##### **512.A. General**

All data, records and other information required by the rules to be reported to the Exchange or the Clearing House, as applicable, must be submitted in an accurate, complete and timely manner.

##### **512.B. Sanctions**

1. Except as otherwise provided in Rule 536, the Chief Regulatory Officer or his designee shall have the authority to impose summary fines on parties who have consented to the jurisdiction of the Exchange pursuant to Rule 418. Summary fines shall not be less than \$1,000 per offense and shall not exceed \$5,000 per offense for individuals or \$10,000 per offense for firms for the inaccurate, incomplete or untimely submission of data, records or information required to be submitted to the Exchange or the Clearing House.
2. Individuals and firms shall have 15 days following receipt of the notice of a summary fine to present evidence to the Market Regulation Department that the fine should be rescinded or reduced. Absent the submission of such evidence within the designated time period, the fine shall be deemed final and may not be appealed.

[The remainder of the Rule is unchanged.]

## Exhibit B

### MARKET REGULATION ADVISORY NOTICE

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<b>Exchange</b>	<b>CME, CBOT, NYMEX &amp; COMEX</b>
<b>Subject</b>	<b>Summary Fines for Reporting Infractions</b>
<b>Rule References</b>	<b>Rule 512</b>
<b>Advisory Date</b>	<b>March 24, 2015</b>
<b>Advisory Number</b>	<b>CME Group RA1503-5</b>
<b>Effective Date</b>	<b>April 7, 2015</b>

This Advisory Notice supersedes CME Group Market Regulation Advisory Notice RA1307-5 issued on July 17, 2013. It is being issued based on an upcoming amendment to Rule 512 (“Reporting Infractions”) which will imbed a minimum summary fine of \$1,000 into the Rule for the inaccurate, incomplete or untimely submission of data or records required to be reported to the Exchanges or CME Clearing.

Rule 512 requires that all data, records and other information required to be reported to the Exchanges or CME Clearing be submitted in an accurate, complete and timely manner. The Rule authorizes the Chief Regulatory Officer or his designee to issue summary fines based on the inaccurate, incomplete or untimely submission of data or records. The summary fines may not be less than \$1,000 or in excess of \$5,000 per offense for individuals or \$10,000 per offense for firms.

Infractions subject to sanctions under Rule 512 include, but are not limited to, deficiencies related to the following types of submission or reporting requirements:

- Reporting concerning large trader, open interest and long positions eligible for delivery
- block trade reporting
- user IDs on CME Globex trades (Tag 50)
- automated/manual indicator on CME Globex trades (Tag 1028)
- CTI (customer type indicator) codes

The Department will continue, in its discretion, to issue warning letters for a first offense. However, consistent with CFTC regulations for designated contract markets, no more than one warning letter will be issued to an individual or entity for the same offense within a rolling 12-month period. Factors affecting the amount of the sanction under Rule 512 will include the magnitude, frequency and impact of the reporting infraction, the party’s prior disciplinary history for similar infractions and remedial actions taken to correct the identified reporting issues. The Department, in its discretion, may refer matters that it deems egregious to the Probable Cause Committee for the issuance of charges, which would, if issued, require disposition by the Business Conduct Committee (“BCC”).

Rule 512 allows parties 15 calendar days following the receipt of a summary fine to present evidence to the Department demonstrating that the fine should be rescinded or reduced. The Rule also allows parties to appeal the Department’s determination that the evidence submitted was insufficient to warrant a rescission or reduction in the summary fine to the BCC, provided that the party provides evidence of a valid basis for the appeal as set forth in the rule.

Summary fines issued pursuant to the provisions of Rule 512 constitute formal Exchange disciplinary action requiring reporting to the CFTC pursuant to CFTC Regulation 9.11(a), which result in a posting on the trading floor in addition to entry into the National Futures Association Basic System. Individuals and

firms will not be subject to both a fine under Rule 512 and a surcharge levied by CME Clearing pursuant to Rule 852 (“Surcharges for Errors, Delays and Omissions”) based on the same underlying activity

The texts of Rules 512 and 852 appear below.

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### **512.A. General**

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### **512.B. Sanctions**

1. Except as otherwise provided in Rule 536, the Chief Regulatory Officer or his designee shall have the authority to impose summary fines on parties who have consented to the jurisdiction of the Exchange pursuant to Rule 418. Summary fines shall not be less than \$1,000 per offense and shall not exceed \$5,000 per offense for individuals or \$10,000 per offense for firms for the inaccurate, incomplete or untimely submission of data, records or information required to be submitted to the Exchange or the Clearing House.
2. Individuals and firms shall have 15 days following receipt of the notice of a summary fine to present evidence to the Market Regulation Department that the fine should be rescinded or reduced. Absent the submission of such evidence within the designated time period, the fine shall be deemed final and may not be appealed.

### **512.C. Hearings and Appeals**

If the Chief Regulatory Officer or his designee determines that evidence submitted by an individual or firm pursuant to Section B.2. is insufficient to support the requested rescission or reduction of the fine, the individual or firm may, within 10 days of the decision, file a written appeal with the Market Regulation Department. A written appeal that fails to specify the grounds for the appeal and the specific error or impropriety of the original decision shall be dismissed. The appeal shall be heard by a Panel of the Business Conduct Committee (“BCC Panel”) whose decision shall be final. The appellant shall be entitled to be represented by counsel, appear personally before the BCC Panel and present evidence that he may have in support of his appeal. The BCC Panel shall not set aside, modify or amend the appealed decision unless it determines, by a majority vote, that the decision was:

1. Arbitrary, capricious, or an abuse of the Exchange staff’s discretion;
2. In excess of the Exchange staff’s authority or jurisdiction; or
3. Based on a clearly erroneous application of Exchange rules.

Notwithstanding the provisions of Sections B.1. and B.2. above, the Market Regulation Department may, at any time, refer matters that it deems egregious to the Probable Cause Committee.

## **852. SURCHARGES FOR ERRORS, DELAYS AND OMISSIONS**

Exchange staff may establish, and from time to time revise, schedules of surcharges to be imposed upon clearing members for errors, delays and omissions with respect to trade data and certain other information required to be provided to the Clearing House. These surcharges are to be collected by the Clearing House and are in addition to any disciplinary sanctions that may be imposed by Market Regulation, the BCC or CHRC for the violation of Exchange rules.

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

Erin Coffey, Senior Rules & Regulatory Outreach Specialist, at 312.341.3286

Jonathan Farrimond, Lead Rules & Regulatory Outreach Specialist, at +44 20 3379 3966

Shawn Tan, Senior Rules & Regulatory Outreach Specialist, at +65 6593 5580

For media inquiries concerning this Market Regulation Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or [news@cmegroup.com](mailto:news@cmegroup.com).