

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 17-063 (2 of 2)

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (03/24/17): **Filing Description:** Reduction of Block Trade Minimum Quantity Threshold Level for Certain CME and CBOT Equity Index Futures Products

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

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:



March 24, 2017

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. Notification Regarding the Reduction of the Block Trade Minimum Quantity Threshold Level for Certain CME and CBOT Equity Index Products.
CBOT Submission No. 17-063 (2 of 2)**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME”) and The Board of Trade of the City of Chicago, Inc. (“CBOT”) (collectively, the “Exchanges”) hereby notify the Commodity Futures Trading Commission (“CFTC” or “Commission”) that they are self-certifying a reduction of the block trade minimum threshold level for certain CME and CBOT equity index products effective on Sunday, April 9, 2017, for trade date Monday, April 10, 2017 as more specifically described below.

CME

outright purchases/sales of E-mini NASDAQ Biotechnology Index futures contracts (CME Rulebook Chapter 360; CME Globex: BIO; CME Clearing/ClearPort: BQ), Basis Trade at Index Close (“BTIC”) transactions in E-mini NASDAQ Biotechnology Index futures contracts (CME Rulebook Chapter 360; CME Globex/CME Clearing/ClearPort: BIT), outright purchases/sales of S&P MLP Total Return Index futures contracts (CME Rulebook Chapter 389; CME Globex/CME Clearing/ClearPort: SLP), and BTIC transactions in S&P MLP Total Return Index futures contracts (CME Rulebook Chapter 389; CME Globex/CME Clearing/ClearPort: SLT), as set forth in Exhibit 1, and intramarket spreads in S&P GSCI Commodity Index futures contracts (CME Rulebook Chapter 401; CME Globex: GD; CME Clearing/ClearPort: GI) and in S&P GSCI Excess Return Index (CME Rulebook Chapter 415; CME Globex: GIE; CME Clearing/ClearPort: GA) as set forth in Exhibit 2.

Exhibit 1

Current and Amended Block Trade Minimum Quantity Threshold Levels

| <i>Futures Product</i> | <i>CME Globex Code</i> | <i>Clearing / ClearPort Code</i> | <i>Block Trade Minimum Quantity Threshold Levels</i> | |
|--|--------------------------------|--|--|-------------------------------------|
| | | | <i>Current</i> | <i>Effective April 10, 2017</i> |
| E-mini NASDAQ Biotechnology Index (BTIC) | BIO (BIT) | BQ (BIT) | 50 | 20 |
| S&P MLP Total Return Index (BTIC) | SLP (SLT) | SLP (SLT) | 50 | 20 |

Exhibit 2

Current and Amended Block Trade Minimum Quantity Threshold Levels for Intramarket Spreads

| <i>Futures Product</i> | <i>CME Globex Code</i> | <i>Clearing / ClearPort Code</i> | <i>Block Trade Minimum Quantity Threshold Levels</i> | |
|------------------------------|--------------------------------|--|--|-------------------------------------|
| | | | <i>Current</i> | <i>Effective April 10, 2017</i> |
| S&P GSCI Commodity Index | GD | GI | 300 | 50 |
| S&P GSCI Excess Return Index | GIE | GA | 300 | 50 |

In each case, the amended block trade standards are intended to facilitate accumulation of contract open interest, by furnishing prospective users with greater flexibility of means for position entry or exit, either for outright purchases or sales (as in the case of E-mini NASDAQ Biotechnology Index futures, or S&P MLP Total Return Index futures, or BTIC transactions in either of these futures products) or for periodic rolling of contract exposures (as in the case of intramarket spreads and combinations of S&P GSCI Commodity Index futures or S&P GSCI Excess Return Index futures).

Exhibit 3 illustrates that the amended block trade standards remain conservative in the sense that, in each instance, they pose no evident threat to the integrity of the centralized, competitive contract market. Using block trade minimum size in proportion to 2016 average daily trading volume (ADV) as its basis of comparison, Exhibit 3 contrasts current and amended standards detailed above to the standards that apply to S&P Consumer Staples Select Sector Stock Index (XAP) futures, which exemplify an established futures product supported by a modestly scaled liquidity pool.

Exhibit 3

Current and Amended Block Trade Minimum Quantity Threshold Levels Relative to 2016 ADV

| | <i>ADV (Contracts/Day)</i> | <i>Current Minimum Size</i> | | <i>Amended Minimum Size</i> | |
|----------------------------|--------------------------------|-----------------------------|-----------------------------------|-----------------------------|-----------------------------------|
| | | <i>Contracts</i> | <i>As Percent of 2016 ADV</i> | <i>Contracts</i> | <i>As Percent of 2016 ADV</i> |
| <i>Outrights</i> | | | | | |
| BIO (BIT) | 9 | 50 | 556 | 20 | 222 |
| SLP (SLT) | -- | 50 | -- | 20 | -- |
| <i>Intramarket Spreads</i> | | | | | |
| GD | 1,429 | 300 | 21 | 50 | 3.5 |
| GIE | 1,368 | 300 | 22 | 50 | 3.7 |
| <i>Outrights</i> | | | | | |
| XAP | 1,253 | 50 | 4 | | |

For BIO futures, or for BTIC trades therein, the current block trade minimum exceeds contract ADV by a multiple of nearly 6x. The amended block trade minimum, though reduced, will remain more than twice as large as ADV. (For SLP futures, or for BTIC trades therein, the comparison is moot, insofar as 2016 trading volume was zero.)

For intramarket spreads in either GD futures or GIE futures, current block trade minima reside in the neighborhood of 20 percent of the corresponding contract ADVs. In each case, the amended standards would reduce the block trade minimum to a level between 3 and 4 percent of contract ADV, comparable to the proportionality that characterizes the market for CME XAP futures.

CBOT

outright purchases/sales in Bloomberg Commodity Index futures contracts (CBOT Rulebook Chapter 29; CME Globex: AW; CME Clearing/ClearPort: 70) as set forth in Exhibit 4, and

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intramarket spreads in Bloomberg Roll Select Commodity Index futures (CBOT Rulebook Chapter 29D; CME Globex: DRS; CME Clearing/ClearPort: DRS) as set forth in Exhibit 5.

Exhibit 4

Current and Amended Block Trade Minimum Quantity Threshold Levels

| Futures Product | CME Globex Code | Clearing / ClearPort Code | Block Trade Minimum Quantity Threshold Levels | |
|---------------------------|-----------------------|---------------------------------|--|-----------------------------|
| | | | Current | Effective April 10, 2017 |
| Bloomberg Commodity Index | AW | 70 | 300 | 50 |

Exhibit 5

Current and Amended Block Trade Minimum Quantity Threshold Levels for Intramarket Spreads

| Futures Product | CME Globex Code | Clearing / ClearPort Code | Block Trade Minimum Quantity Threshold Levels | |
|---------------------------------------|-----------------------|---------------------------------|--|-----------------------------|
| | | | Current | Effective April 10, 2017 |
| Bloomberg Roll Select Commodity Index | DRS | DRS | 300 | 50 |

In each case, the amended block trade standards are intended to facilitate accumulation of contract open interest, by furnishing prospective users with greater flexibility of means for position entry or exit, either for outright purchases or sales (as in the case of AW futures) or for periodic rolling of contract exposures (as in the case of intramarket spreads and combinations of DRS futures).

Exhibit 6 illustrates that the amended block trade standards remain conservative in the sense that, in each instance, they pose no evident threat to the integrity of the centralized, competitive contract market. Using block trade minimum size in proportion to 2016 average daily trading volume (ADV) as its basis of comparison, Exhibit 6 contrasts current and amended standards detailed above to the standards that apply to Dow Jones US Real Estate Index (JR) futures, which exemplify an established futures product supported by a modestly scaled liquidity pool.

Exhibit 6

Current and Amended Block Trade Minimum Quantity Threshold Levels Relative to 2016 ADV

| | ADV (Contracts/Day) | Current Minimum Size | | Amended Minimum Size | |
|----------------------------|------------------------|----------------------|---------------------------|----------------------|---------------------------|
| | | Contracts | As Percent of 2016 ADV | Contracts | As Percent of 2016 ADV |
| Outrights AW | 1,656 | 300 | 18 | 50 | 3 |
| Intramarket Spreads DRS | 20 | 300 | 1,500 | 50 | 250 |
| Outrights JR | 958 | 50 | 5 | | |

For intramarket spreads in DRS futures, the current block trade minimum dwarfs contract ADV by a multiple of 15x. The amended block trade minimum, though reduced, will remain more than twice as large as ADV. For AW futures, the current block trade minimum is 18 percent of contract ADV. The amendment certified

herein would reduce the block trade minimum to a level signifying around 3 percent of contract ADV, comparable to the proportionality that prevails in the market for JR futures.

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 amendments may bear upon the following Core Principles:

- **Core Principle 7 -- Availability of General Information**

The Exchanges shall publish on its website information in regard to futures contract specifications, terms, and conditions, as well as daily trading volume, open interest, and price information. In addition, the Exchange will publish a Special Executive Report (“SER”) regarding this matter. The SER will also be posted on the CME Group website.

- **Core Principle 9 -- Execution of Transactions**

A designated contract market may authorize transactions that are executed away from the designated contract market’s centralized marketplace for *bona fide* business purposes. Accordingly, the Exchanges have long established block standards for a wide array of futures and options products. The actions certified herein serve solely to improve the alignment of block trade standards for the pertinent futures products with standards applicable to the Exchanges’ other index futures products.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchanges hereby certify that the amendment described herein comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

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

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel