

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 19-004 (3 of 6)

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): 03/28/19

Filing Description: Amendments to CME, CBOT, and NYMEX/COMEX Rule 855. Regarding Offsetting Certain Positions and Adoption of a Contracts Eligible for Offset Table.

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: 855.

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:

March 28, 2019

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. Amendments to CME, CBOT, and NYMEX/COMEX Rule 855. Regarding Offsetting Positions of Certain Contracts and Adoption of a Contracts Eligible for Offset Table. CBOT Submission No. 19-004 (3 of 6)

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), Chicago Mercantile Exchange Inc. (“CME”), The Board of Trade of the City of Chicago, Inc. (“CBOT”), New York Mercantile Exchange, Inc. (“NYMEX”) and Commodity Exchange, Inc. (“COMEX”) (collectively, the “Exchanges”) hereby notify the Commission that they are self-certifying amendments to CME, CBOT, and NYMEX/COMEX Rule 855. regarding offsetting positions of certain contracts and adoption of a Contracts Eligible for Offset Table (the “Table”) at the end of CME, CBOT, NYMEX/COMEX Chapter 8 (“Clearing House and Performance Bonds”) to identify those products eligible for offset pursuant to each Rule (collectively, the “Rule Amendments”) effective on trade date Monday, April 15, 2019.

The amendments to NYMEX/COMEX Rule 855. adopt a new provision to permit certain energy spread products to be unbundled into their underlying legs, which may then be offset against opposite open positions held in the underlying legs. This new provision is intended to alleviate capital requirements attendant to market participants holding open positions in a NYMEX listed spread product in addition to holding open positions in the outright NYMEX products underlying such spread.

The amendments to CME, CBOT, and NYMEX/COMEX Rule 855. streamline the text of the Rule and include the deletion of the list of existing products eligible for offset subject to the Rule based on the adoption of the new Table which will be accessible via a link at the end of Chapter 8 of each Exchange’s Rulebook.

Lastly, the Table provides inclusion of all of the relevant NYMEX contracts.

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

The Exchanges reviewed the designated contract market core principles (“DCM Core Principles”) and the derivatives clearing organization core principles (“DCO Core Principles”) (collectively, the “Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified the following Core Principles as being potentially impacted by the Rule Amendments:

DCM Core Principle 7 – Availability of General Information and DCO Core Principle L – Public Information: The Rule Amendments will be posted publicly on the CME Group website in satisfaction of these core principles. In addition, a Special Executive Report will be posted publicly on the CME Group website and emailed to subscribers.

DCM Core Principle 9 – Execution of Transactions: The operational process underlying Rule 855. requires that positions being offset be transferred to a CME Clearing holding account for netting and subsequent reduction of open interest in the affected contracts. As such, Rule 855. operates pursuant to the allowance for transfer trades as set forth in the Core Principle.

There were no substantive opposing views to this proposal.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchanges certify that the Rule Amendments and the adoption of the Table comply with the Act and regulations thereunder.

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 regarding this submission, please contact the undersigned at 212.299.2200 or via email at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: CME, CBOT, and NYMEX/COMEX Rule 855. (blackline format)
Exhibit B: CME/CBOT/NYMEX/COMEX Contracts Eligible for Offset Table
(attached under separate cover)

EXHIBIT A

NYMEX and COMEX

Chapter 8

(“Clearing House and Performance Bonds”)

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

855. OFFSETTING DIFFERENT-SIZED FUTURES POSITIONS

A. DIFFERENT-SIZED FUTURES CONTRACTS

With the consent of the account controller, a clearing member may offset ~~and liquidate~~ long futures positions against short futures positions, or short futures positions against long futures positions, held in the same account in the ratios set forth in the Contracts Eligible for Offset Table (“Table”) at the end of Chapter 8, following ratios:

~~E-mini Crude Oil (QM) to Crude Oil Financial (WS) 2:1~~

~~E-mini Natural Gas (QG) to Henry Hub Natural Gas Look-Alike Penultimate Financial (HP) 4:1~~

~~Henry Hub Natural Gas Look-Last Day Financial (NN) to Henry Hub Natural Gas Look-Alike Last Day Financial (HH) 4:1~~

~~Henry Hub Natural Gas Penultimate Financial (NP) to Henry Hub Natural Gas Look-Alike Penultimate Financial (HP) 4:1~~

~~E-mini RBOB Gasoline (QU) to RBOB Gasoline Financial (RT) 2:1~~

~~E-mini NY Harbor ULSD (QH) to NY Harbor ULSD Financial (BH) 2:1~~

~~E-micro Gold (MGC) to Gold (GC) 10:1~~

~~1,000-oz. Silver (SIL) to Silver (SI) 5:1~~

~~The clearing member shall notify the Clearing House of offsetting positions by submitting reports to the Clearing House in such form and manner as the Clearing House shall specify. The positions shall be offset at the previous day's settlement price. The positions being offset shall be transferred to a Clearing House holding account. Long and short positions in the same contract and contract month held in the holding account shall be netted, thus reducing the number of open positions in such contract.~~

B. FUTURES SPREAD CONTRACTS AND UNDERLYING FUTURES CONTRACT LEGS

~~With the consent of the account controller, a clearing member may offset an open position in a listed futures spread contract against opposite open positions in the outright futures products of the spread contract's underlying legs held in the same account in the ratios set forth in the Table.~~

~~For purposes of Sections A. and B., the clearing member shall notify the Clearing House of offsetting positions by submitting reports to the Clearing House in such form and manner as the Clearing House shall specify. The positions shall be offset at the previous day's settlement price.~~

~~The positions being offset shall be transferred to a holding account at the Clearing House. Offsetting positions in the same contract and contract month held in the holding account shall be netted, thus reducing the number of open positions in such contracts.~~

CME

Chapter 8

(“Clearing House and Performance Bonds”)

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

855. OFFSETTING DIFFERENT-SIZED FUTURES POSITIONS AND OPTIONS POSITIONS FOR DIFFERENT-SIZED CONTRACTS

With the consent of the account controller, a clearing member may offset ~~and liquidate~~ long ~~E-Mini or E-Micro~~ futures positions against short ~~regular~~ futures positions, or short ~~E-Mini or E-Micro~~ futures positions against

long ~~regular~~ futures positions, held in the same account in the ratios set forth in the Contracts Eligible for Offset Table ("Table") at the end of Chapter 8, following ratios of E-Mini or E-Micro to regular futures contracts:

~~E-Mini S&P 500 to regular S&P 500: 5:1~~

~~E-Mini Currency to regular Currency: 2:1~~

~~E-Mini Nikkei 225 (Yen) to regular Nikkei 225 (Yen): 5:1~~

~~E-Micro GBP/USD, EUR/USD, AUD/USD, CAD/USD, JPY/USD, CHF/USD, USD/RMB or CNY, USD/Offshore RMB or CNH to regular Currency 10:1~~

~~E-Micro INR/USD to regular INR/USD 5:1~~

With the consent of the account controller, a clearing member may offset ~~and liquidate~~ long options on futures positions ~~in options on E-Mini or E-Micro futures contracts ("E-Mini or E-Micro options")~~ against short options on futures positions ~~in options on regular futures contracts ("regular options")~~, or short options on futures positions ~~in E-Mini or E-Micro options~~ against long options on futures positions ~~in regular options~~, held in the same account in the ratios set forth in the Table, provided that ~~(a) any such offsetting and liquidating combination of E-Mini or E-Micro options and regular options corresponds to one of the offsetting and liquidating combinations of E-Mini or E-Micro futures and regular futures specified in this Rule, and provided that~~ the options to be netted have ~~(b) European exercise, (c) the same expiration date, and (d) the same exercise price. If all of the foregoing requirements are met, then the offsets will be in the following ratios of options on E-Mini or E-Micro futures contracts to options on regular futures contracts:~~

~~Options on E-Mini S&P 500 futures to Options on S&P 500 futures: 5:1~~

The clearing member shall notify the Clearing House of offsetting positions by submitting reports to the Clearing House in such form and manner as the Clearing House shall specify. The positions shall be offset at the previous day's settlement price for futures and at a price of zero for options.

The positions being offset shall be transferred to a GME holding account at the Clearing House. Offsetting Long and short positions in the same contract and contract month held in the holding account shall be netted, thus reducing the number of open positions in such contract.

CBOT

Chapter 8

("Clearing House and Performance Bonds")

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

855. OFFSETTING MINI-SIZED AND FULL-SIZED FUTURES POSITIONS FOR DIFFERENT-SIZED CONTRACTS

With the consent of the account controller, a clearing member may offset ~~and liquidate~~ long mini-sized futures positions against short ~~full-sized~~ futures positions, or short mini-sized futures positions against long ~~full-sized~~ futures positions, held in the same account in the ratios set forth in the Contracts Eligible for Offset Table ("Table") at the end of Chapter 8, following ratios of mini-sized to full-sized futures contracts:

~~Mini-sized (1000 bu.) Corn to Full-sized (5000 bu.) Corn 5:1~~

~~Mini-sized (1000 bu.) Soybean to Full-sized (5000 bu.) Soybean 5:1~~

~~Mini-sized (1000 bu.) Wheat to Full-sized (5000 bu.) Wheat 5:1~~

~~Mini-sized (1000 bu.) KC HRW Wheat to Full-sized (5000 bu.) KC HRW Wheat 5:1~~

The clearing member shall notify the Clearing House of offsetting positions by submitting reports to the Clearing House in such form and manner as the Clearing House shall specify. The positions shall be offset at the previous day's settlement price.

The positions being offset shall be transferred to a holding account at the Clearing House. Offsetting Long and short positions in the same contract and contract month held in the holding account shall be netted, thus reducing the number of open positions in such contract.

EXHIBIT B

**CME, CBOT, NYMEX/COMEX
Chapter 8
("Clearing House and Performance Bonds")**

CME, CBOT, NYMEX, and COMEX Contracts Eligible for Offset Table

(attached under separate cover)