

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 17-197

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): May 22, 2017 **Filing Description:** Amendments to CBOT Chapter 7 ("Delivery Rules and Procedures")

SPECIFY FILING TYPE

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: See filing.

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:

May 22, 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, D.C. 20581

**Re: CFTC Regulation 40.6(a) Amendments to CBOT Chapter 7 (“Delivery Rules and Procedures”)
CBOT Submission No. 17-197**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulations 40.6(a), the Board of Trade of the City of Chicago, Inc. (“CBOT” or “Exchange”) is notifying the CFTC that it is self-certifying the following amendments to CBOT Chapter 7 (“Delivery Rules and Procedures”).

- (1) Chapter 7, Rule 703.D. “Failure to Load Out”. In the second paragraph of the rule, amend references from “delivery obligation” to “load out obligation” since Rule 703.D addresses a failure to load out and not a failure to deliver. Failure to deliver provisions are addressed under Rule 714. This is a non-substantive administrative change to correct a typographical error.
- (2) Chapter 7, Rule 712 “Delivery and Registration”. Incorporate into new Rule 712.B.6 the obligations of clearing firms for the posting of collateral on registered and outstanding shipping certificates, warehouse certificates, and warehouse receipts with the Exchange. The obligations for posting of collateral are currently available to the marketplace under SER-5285. This amendment is simply intended to incorporate these obligations for the posting of collateral on grains into the Exchange Rulebook. These obligations are currently in practice and are not being altered.

The amendments to Chapter 7, provided herein under Appendix A, with additions underlines and deletions struck through, shall be effective June 7, 2017.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the following Core Principle may be impacted by this initiative as follows:

- **Availability of General Information:** The Exchange will make publicly available the details of the amendments herein by publishing a Registrar’s Office Notice (“MKR”) to the market. The MKR will be available on CME Group’s website.

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.4(a) and 40.5(a), the Exchange hereby certifies that the amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to the proposal by market participants.

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

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

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A – CBOT Chapter 7 (“Delivery Rules and Procedures”) (blackline format)

Appendix A

(additions underlined, deletions ~~overstruck~~)

Chapter 7 Delivery Rules and Procedures

703.D. Failure to Load Out

In the event a regular facility fails to fulfill its specific load out requirements pursuant to Rule 703 C., or Rule 14P112.C. in EU Wheat, the Exchange shall guarantee that the affected party receives the full current market value of the failed load out in the form of cash or USDA warehouse receipts. In the event the failed party receives cash, full market value will be defined by the front futures contract month settlement price on the day of failure of load out. In the event the failed party receives USDA warehouse receipts, the party will receive equivalent quantity of grain.

Notwithstanding any provision of the Rules, the Exchange has no obligation to any party relating to a failure to fulfill a load out obligation unless it is notified by the party that a failure occurred, as soon as possible, but in no event later than the business day following the day the load out obligation was to have been fulfilled according to the Rules of the Exchange.

712.B. Registration of Warehouse Receipts, Warehouse Certificates and Shipping Certificates

- (1) In order to be valid for delivery against futures contracts, warehouse receipts, warehouse certificates and shipping certificates must be registered with the Clearing House and in accordance with the requirements issued by the Clearing House. Facilities that are regular for delivery may register warehouse receipts, warehouse certificates or shipping certificates, as applicable, at any time. If the facility determines not to tender the warehouse receipt or shipping certificate by 4:00 p.m., or EU Wheat warehouse certificate by 10:00 p.m. Paris time, on the day it is registered, the facility shall declare that the warehouse receipt, warehouse certificate or shipping certificate has been withdrawn but is to remain registered by transmitting to the Clearing House the warehouse receipt number, warehouse certificate number or shipping certificate number and the name and location of the facility. The holder of a registered warehouse receipt, warehouse certificate or shipping certificate may cancel its registration at any time. A warehouse receipt, warehouse certificate or shipping certificate which has been canceled may not be registered again.
- (2) No notice of intention to deliver a warehouse receipt, warehouse certificate or a shipping certificate shall be tendered to the Clearing House unless said warehouse receipt, warehouse certificate or shipping certificate is registered and in possession of the clearing member tendering the notice or unless a warehouse receipt, warehouse certificate or a shipping certificate is registered and outstanding. When a notice of intention to deliver a warehouse receipt, warehouse certificate or a shipping certificate has been tendered to the Clearing House, said warehouse receipt, warehouse certificate or shipping certificate shall be considered to be "outstanding" until its registration is cancelled.
- (3) From its own records, the Clearing House shall maintain a current record of the number of warehouse certificates, warehouse receipts and shipping certificates that are registered and shall be responsible for posting this record on the Exchange website. The record shall not include any warehouse certificates, warehouse receipts or shipping certificates that have been declared withdrawn.
- (4) When a warehouseman/shipper regains control of its own registered warehouse receipt or shipping certificate, the warehouseman/shipper shall by 4:00 p.m. of that business day either cancel the registration of said warehouse receipt or shipping certificate, or declare that said warehouse receipt or shipping certificate is withdrawn but is to remain registered by transmitting to the Clearing House the warehouse receipt or shipping certificate number and the name and location of the facility, except in the case where a notice of intention to redeliver said warehouse receipt or shipping certificate for the warehouseman/shipper has been tendered to the Clearing House by 4:00 p.m. of the day that the warehouseman/shipper regained control of said warehouse receipt or shipping certificate.

When a warehouseman regains control of its own registered EU Wheat warehouse certificate, the warehouseman shall by 10:00 p.m. Paris time of that business day either cancel the registration of said warehouse certificate, or declare that said warehouse certificate is withdrawn but is to remain registered by transmitting to the Clearing House the warehouse certificate number and the name and location of the facility, except in the case where a notice of intention to redeliver said warehouse

certificate for the warehouseman has been tendered to the Clearing House by 10:00 p.m. Paris time of the day that the warehouseman regained control of said warehouse certificate.

- (5) The Clearing House shall not divulge any information concerning the registration, delivery or cancellation of warehouse certificates, warehouse receipts or shipping certificates, other than the record posted on the Exchange website, except that it shall issue a daily report showing the total number of warehouse certificates, warehouse receipts and shipping certificates registered as of 4:00 p.m. on each trading day of the week. In addition to the information posted on the Exchange website, this daily report will show the names of facilities whose warehouse certificates, warehouse receipts or shipping certificates are registered and the location of such facilities. This report shall not include any warehouse certificates, warehouse receipts or shipping certificates that have been declared withdrawn.
- (6) In order for a facility regular for delivery to register warehouse receipts, warehouse certificates or shipping certificates, as applicable, the facility must file collateral with the Exchange with sufficient sureties in such sum and subject to such conditions as the Exchange may require. The following requirements shall apply for the registration of warehouse receipts, warehouse certificates and shipping certificates.
- i. A facility regular to register warehouse receipts and soybean meal shipping certificates is required to secure a bond naming the Board of Trade of the City of Chicago, Inc. as its beneficiary for such sum and subject to such conditions as the Exchange may require. The bond must be in the form approved by the Exchange. The Exchange will accept USDA bonds in order for a facility to meet its bonding requirements. If the amount specified on the USDA bond does not meet the Exchange's requirements, an additional bond must be issued for the amount that is not covered under the USDA bond.
- ii. A facility regular to register warehouse certificates is required to post collateral with the Exchange in the form of cash, secure letter of credit naming Chicago Mercantile Exchange Inc. as its beneficiary, or U.S. treasury securities, for 110% of the current market value of the warehouse certificates issued. The regular facility is required to monitor the value of the outstanding warehouse certificates issued using the futures front month settlement price. Whenever the amount of the collateral falls below 100% of the current market value for warehouse certificates issued, the regular facility must increase the amount of the collateral for an amount equal to 110% of the current market value of outstanding warehouse certificates, by 5:00 p.m. on the first business day following the relevant futures settlement. Prior to additional warehouse certificates being issued, the regular facility must increase the amount of the collateral for 110% of the current market value of all warehouse certificates which are outstanding as well as all warehouse certificates which will be issued.
- iii. Except for Soybean Meal shipping certificates, a facility regular to register shipping certificates is required to post collateral with the Exchange in the form of cash, secure letter of credit naming Chicago Mercantile Exchange Inc. as its beneficiary, U.S. treasury securities, or except for ethanol shipping certificates, USDA Warehouse Receipts. Collateral in the form of cash, secure letter of credit or U.S. treasury securities must be for 110% of the current market value of the shipping certificates issued. The regular facility is required to monitor the value of the outstanding shipping certificates issued using the futures front month settlement price. Whenever the amount of the collateral falls below 100% of the current market value for shipping certificates issued, the regular facility must increase the amount of the collateral for an amount equal to 110% of the current market value of outstanding shipping certificates, by 5:00 p.m. on the first business day following the relevant futures settlement. Prior to additional shipping certificates being issued, the regular facility must increase the amount of the collateral for 110% of the current market value of all shipping certificates which are outstanding as well as all shipping certificates which will be issued. Collateral in the form of USDA Warehouse Receipts must represent an equivalent quantity of shipping certificates.

(the remainder of the rule unchanged)