

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 16-218

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 06/17/16 Filing Description: Amendments to CME Rules 25201.C. ("Price Increment") and 588.H. ("Globex Non-Reviewable Trading Ranges") for Canadian Dollar/U.S. Dollar (CAD/USD) Futures Contract

**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: 25201.C. & 588 H.

**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:

June 17, 2016

**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) Certification. Notification Regarding Amendments to CME Rules 25201.C. ("Price Increment") and 588.H. ("Globex Non-Reviewable Trading Ranges") for Canadian Dollar/U.S. Dollar (CAD/USD) Futures Contract. CME Submission No. 16-218**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying amendments to CME Rules 25201.C. ("Price Increments") and 588.H. ("Globex Non-Reviewable Trading Ranges") for the Canadian Dollar/U.S. Dollar (CAD/USD) Futures contract (the "CAD/USD futures") effective Sunday, July 10, 2016 for trade date Monday, July 11, 2016.

Specifically, CME is amending CME Rule 25201.C. to reduce the price increment of the CAD/USD futures from \$.0001 (\$10.00) to \$.00005 (\$5.00) per Canadian dollar. The Exchange has received numerous requests from market participants to reduce the tick size of CAD/USD futures on the basis that market liquidity in the futures has improved dramatically over the past few years. The Exchange believes that amending the contract's current tick increment will allow market liquidity to improve further to match other competitive over-the-counter and exchange-traded venues for the Canadian dollar. These amendments are proved in Appendix A in blackline format.

Also effective at the same time, the Exchange is amending CME Rule 588.H. ("Globex Non-Reviewable Trading Ranges") to modify the non-reviewable trading range of CAD/USD futures on CME Globex from 40 to 40.0 ticks to accommodate the proposed half-tick reduction in CAD/USD futures. These amendments are provided in Appendix B in blackline format.

The Exchange reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("Act" or "CEA") and identified that the rule amendments to CME Rules 25201.C. and 588.H. may have some bearing on the following Core Principles:

- **Compliance with Rules:** The Exchange shall continue its normal practice to establish, monitor, and enforce compliance with the rules of the contract markets for CAD/USD futures, including the terms and conditions of the contracts' newly revised rules and procedures for price increments.
- **Contracts Not Readily Subject to Manipulation:** Reducing the tick size of CAD/USD futures will not make the contract more susceptible to market manipulation. Reducing the tick size of the contract will allow the contract to match other competitive over-the-counter and futures markets in the Canadian dollar with respect to this feature.

- Prevention of Market Disruption: Reducing the tick size of CAD/USD futures, and then applying it to existing open interest starting with the September 2016 futures expiration, will not impede the Exchange's capacity and responsibility to prevent manipulation, price distortion, and disruptions to the contract through currently established market surveillance, compliance, and enforcement practices and procedures.
- Availability of General Information: The Exchange will amend the CME rulebook, accordingly on the effective date, which is publically available on the CME Group website. In addition, the Exchange will publish a Special Executive Report ("SER") to advise the marketplace of these amendments. The SER will also be posted on the CME Group website.
- Execution of Transactions: Reducing the tick size of CAD/USD futures will have no adverse impact on the central limit order book for this contract. This change will not impede the Exchange's ability as a designated contract market to provide a competitive, open, and efficient market mechanism for executing transactions that protects the price discovery and final cash settlement processes of the contract.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), CME hereby certifies that the amendments to CME Rules 252201.C. and 588.H., comply with the Act, including all regulations under the Act. There were no substantive opposing views to this proposal.

CME 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 [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A: Amendments to CME Rule 25201.C. (blackline format)  
Appendix B: Amendments to the CME Rule 588.H. (blackline format)

## Appendix A

### CME Rulebook

#### Chapter 252 Canadian Dollar/U.S. Dollar (EUR/USD) Futures

(Additions are underlined; deletions are ~~struck through~~.)

#### 25201. TRADING SPECIFICATIONS

##### 25201.C. Price Increments

Minimum price fluctuations shall be in multiples of \$.00005~~\$.0001~~ per Canadian dollar, equivalent to \$5.00~~\$10.00~~ per contract. ~~Trades may also occur in multiples of \$.00005 per Canadian dollar, commonly referred to as one half tick, for Canadian dollar/U.S. dollar futures intra-currency spreads executed as simultaneous transactions on GLOBEX® pursuant to Rule 542.F.~~

## **Appendix B**

### **CME Rulebook**

#### **Chapter 5 Trading Qualifications and Practices**

(Additions are **underlined.**)

#### **588.H. Globex Non-Reviewable Trading Ranges (Table)**

<b>FX Products Futures</b>	<b>Globex Symbol</b>	<b>Globex Non-Reviewable Ranges (NRR)</b>	<b>NRR: Globex Format</b>	<b>NRR: Ticks</b>
CAD/USD Futures	6C	40 <u>0</u> ticks	40 <u>0</u>	40 <u>0</u>