

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 19-266 (3 of 5)

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): 07/01/19

Filing Description: Amendments to CME, CBOT, and NYMEX/COMEX Rule 981. ("Anti-Money Laundering and Economic Sanctions Compliance")

**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: 981

**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:

July 1, 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. Notification Regarding Amendments to CME, CBOT, and NYMEX/COMEX Rule 981. (“Anti-Money Laundering and Economic Sanctions Compliance”).  
CBOT Submission No.19-266 (3 of 5)**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), Chicago Mercantile Exchange Inc., in its capacities as both a designated contract market (“DCM”) and a derivatives clearing organization (“DCO”) (“CME”), The Board of Trade of the City of Chicago, Inc. (“CBOT”), New York Mercantile Exchange, Inc. (“NYMEX”) and Commodity Exchange, Inc. (“COMEX”), each in their capacities as a DCM (collectively, the “Exchanges”), hereby notify the Commission that they are self-certifying amendments to CME, CBOT, and NYMEX/COMEX Rule 981. (“Anti-Money Laundering and Economic Sanctions Compliance”) (collectively the “Rule Amendments”) effective on Wednesday, July 17, 2019.

In May 2016, Financial Crimes Enforcement Network (“FinCEN”) adopted final rules under the Bank Secrecy Act regarding due diligence requirements of a futures commissions merchant (“FCM”). The additional requirements provide that a FCM’s Anti-Money Laundering (“AML”) Program must have appropriate risk-based procedures for conducting ongoing customer due diligence, including, but not limited to: (a) understanding the nature and purpose of customer relationships for the purpose of developing a customer risk profile; and (b) conducting ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information, including information regarding the beneficial owners of legal entity customers. These rules became effective in May 2018.

In June 2018, the National Futures Association (“NFA”) amended its Rule 2-9(c) to reflect the new requirements and modified its Interpretative Notice to provide guidance to FCMs.<sup>1</sup>

While the Financial and Regulatory Surveillance Department adopted procedures in 2018 to review FCM AML programs to ensure they appropriately included the new requirements, the Exchanges are also amending Rule 981. to incorporate these new requirements and provide consistency for FCM clearing members across anti-money laundering rules applicable to them.

The Exchanges reviewed the derivatives clearing organization core principles (“DCO Core Principles”) and the designated contract market core principles (“DCM Core Principles”) (collectively, the “Core Principles”)

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<sup>1</sup> For the full rule, please consult the NFA Rulebook, Rule 2-9 located online at:  
<https://www.nfa.futures.org/rulebook/rules.aspx?Section=4&RuleID=RULE%202-9>.

and identified that the Rule Amendments may have some bearing on the following Core Principles:

- **DCM Core Principle 7 – Availability of General Information**: The Rule Amendments will be posted publicly on the CME Group website in satisfaction of this core principle.
- **DCO Core Principle C – Participant and Product Eligibility**: CME Clearing has determined the Rule Amendments remain consistent with the participant eligibility requirements being objective, publicly disclosed and risk based. The revision is meant to be consistent with other rules relating to the AML Programs of our clearing members who are FCMs.
- **DCO Core Principle L – Public Information**: The Rule Amendments will be posted publicly on the CME Group website in satisfaction of this core principle and a financial and regulatory bulletin will be published.

Exhibits A is attached and sets forth the Rule Amendments with additions underscored and deletions ~~overstruck~~.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchanges certify that the Rule Amendments comply with the Act and regulations thereunder. There were no substantive opposing views to this proposal.

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

If you require any additional information regarding this submission, please contact me at 212.299.2200 or Maureen Guilfoile at 312.930.8141 or you may contact us by email at [CFTCSubmissionInquiry@cmegroup.com](mailto:CFTCSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A: Amendment to CME, CBOT, and NYMEX/COMEX Rule 981.

## Exhibit A

### CME, CBOT and NYMEX/COMEX Rulebooks

#### Chapter 9

#### ("Clearing Members")

(additions underscored; deletions ~~overstruck~~)

#### 981. ANTI-MONEY LAUNDERING AND ECONOMIC SANCTIONS COMPLIANCE

Each clearing member shall develop and implement a written compliance program approved in writing by senior management reasonably designed to achieve and monitor the clearing member's compliance with all applicable requirements of the Bank Secrecy Act (31 U.S.C. § 5311 et seq.), the International Emergency Economic Powers Act (50 U.S.C. § 1701 et seq. ) ("IEEPA"), the Trading with the Enemy Act (50 U.S.C. App. § 1 et seq.) ("TWEA"), and the Executive Orders and regulations issued pursuant thereto, including the regulations issued by the U.S. Department of the Treasury and, as applicable, the Commodity Futures Trading Commission. That compliance program shall, at a minimum,

1. Establish and implement policies, procedures and internal controls reasonably designed to prevent the financial institution from being used for money laundering or the financing of terrorist activities and to achieve ~~assure~~ compliance with all applicable provisions of the Bank Secrecy Act, IEEPA, TWEA, and all applicable Executive Orders and regulations issued pursuant thereto;
2. Provide for independent testing for compliance to be conducted by clearing member personnel or by a qualified outside party;
3. Designate an individual or individuals responsible for implementing and monitoring the day-to-day operations and internal controls of the program; ~~and~~
4. Provide ongoing training for appropriate personnel; ~~and~~
5. Include appropriate risk-based procedures for conducting ongoing customer due diligence, including, but not limited to:
  - a. understanding the nature and purpose of customer relationships for the purpose of developing a customer risk profile; and
  - b. conducting ongoing monitoring to identify and report suspicious transactions, and, on a risk basis, to maintain and update customer information, including the information regarding the beneficial owners of legal entity customers.

Clearing members must also supervise and ensure that their guaranteed introducing brokers are in compliance with the provisions contained in this Rule.