

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 21-355 (4 of 5)

Organization: New York Mercantile Exchange, Inc. ("NYMEX")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 08/27/21

Filing Description: Amendments to CME, CBOT, and NYMEX/COMEX Rules in Connection with the Closure of CME and CBOT Trading Pits Except for the CME Eurodollar and SOFR Options Pit.

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: Various

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:

August 27, 2021

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 Rules in Connection with the Closure of CME and CBOT Open Outcry Trading Pits Except for the CME Eurodollar and SOFR Options Open Outcry Trading Pit.
NYMEX Submission No. 21-355 (4 of 5)**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), Chicago Mercantile Exchange Inc. (“CME”), in its capacities as both a designated contract market (“DCM”) and a derivatives clearing organization (“DCO” of “CME Clearing”), and The Board of Trade of the City of Chicago, Inc. (“CBOT”), New York Mercantile Exchange, Inc. (“NYMEX”) and Commodity Exchange, Inc. (“COMEX”), in their capacities as DCMs, (each an “Exchange” and collectively, the “Exchanges”) hereby certify to the Commission amendments to various rules in connection with the September 30, 2021, closure of all CME and CBOT open outcry trading pits other than the options on CME Eurodollar futures and options on CME SOFR futures open outcry trading pit (collectively, the “Rule Amendments”), effective on Thursday, September 30, 2021, for trade date Friday, October 1, 2021. This submission shall become effective on September 14, 2021.

Specific information on the Rule Amendments appears below.

Definitions Section

The primary amendments to the CBOT Definitions Section eliminate terms concerning open outcry and the trading floor. Additionally, several definitions are being added to each Exchange’s Definitions Section to harmonize defined terms across the Exchanges. Several definitions that are either not referenced in the rules or not used in a capitalized fashion in the rules are being eliminated.

Chapter 1 – Membership

References to “the Exchange,” where appropriate, have been modified to “the Department,” which is defined early in the chapter as the Membership Department.

CME Chapter 1, Rule 135. (“GEM Division”) is being amended as GEM members will not be permitted access to the trading floor in a member capacity as they are unable to trade or fill orders in Eurodollar or SOFR options via open outcry. Additionally, an interpretation at the end of the Chapter is being eliminated as a result of the amendments to Rule 135.

The amendments to CBOT Chapter 1 eliminate references to the trading floor.

Chapter 3 – Exchange Committees

CBOT and NYMEX/COMEX Rule 300. (“Committees”) are each being amended to delete references to broker associations. NYMEX/COMEX Rule 515. (“Registration and Identification of Broker Associations”) was deleted from the NYMEX/COMEX Rulebook several years ago and CBOT Rule 515. (“Registration and Identification of Broker Associations”) is being eliminated in connection with the termination of open outcry trading of CBOT products. Lastly, we are eliminating a reference to the Pit Committee and the Floor Conduct Committee from CBOT Rule 300. as those committees no longer exist.

Chapter 4 – Enforcement of Rules

The primary amendments are to CBOT Chapter 4 to eliminate references to open outcry, the trading floor, and qualifying a member.

Chapter 5 – Trading Qualifications and Practices

As a result of the termination of open outcry trading, several rules in CME Chapter 5 are being completely eliminated, including CME Rules 541. (“Top Step Trading Restrictions in S&P 500 Stock Price Index Futures”), 549. (“Large Order Execution Transactions (“LOX Orders”), and 550. (“Post Close Session”) all of which are applicable solely to open outcry trading of SP 500 futures.

The primary amendments to CBOT Chapter 5 eliminate references to open outcry trading and the trading floor.

CBOT and NYMEX/COMEX Rule 536.F. (“Audit Trail Violations”) are each being amended to correspond to current practice of handling audit trail violations through the summary process set forth in Rule 512. (“Reporting Infractions”).

Each Exchange’s Rule 533. (“Simultaneous Buy and Sell Orders for Different Beneficial Owners”) is also being amended to reduce the waiting period applicable to the entry of options on futures orders by a broker handling simultaneous buy and sell orders for different beneficial owners from 15 to 5 seconds. The 5 second waiting period provides ample opportunity for any market participant to trade opposite the first order entered should there be an interest in doing so.

Chapter 6 – Arbitration

The primary amendment is to eliminate Section 600.B. (“Disputes Between Members and Certain Non-Member Employees”) of CBOT Rule 600. (“Disputes Subject to CBOT Arbitration”) and to add a reference to the “legacy” trading floor, in addition to striking a reference to retired members with floor access privileges. The remaining amendments are for housekeeping or harmonization purposes.

Chapter 8 – Clearinghouse and Performance Bonds

CBOT Rule 809. (“Trade Data Processing System”) is being harmonized with the text of NYMEX/COMEX Rule 809. (“Trade Data Processing System”) and a reference to open outcry is being eliminated from CBOT Rule 813. (“Daily Settlement Price”).

Chapter 9 – Clearing Members

The primary amendments are to CBOT Chapter 9 to eliminate references to qualifying a member, which is a term reserved for members who have access to the trading floor.

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

The Exchanges and CME Clearing reviewed the DCM Core Principles and the DCO Core Principles (collectively, the “Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Rule Amendments may have some bearing on the following Core Principles:

DCM Core Principles

DCM Core Principle 2 – Compliance with Rules: The Rule Amendments are being adopted primarily to ensure legacy references to open outcry and the trading floor are eliminated from the CBOT Rulebook, and where applicable, the CME Rulebook. Other harmonizing and housekeeping amendments are also being implemented. The Rule Amendments are therefore in compliance with the Core Principle.

DCM Core Principle 7 – Availability of General Information: The Exchanges will disseminate a Special Executive Report concerning the Rule Amendments, which will be emailed to subscribers and posted publicly on the CME Group website.

DCO Core Principles

DCO Core Principle L – Public Information: The Core Principle requires CME Clearing to publicly disclose its rules and procedures. The Rule Amendments will be disseminated via a Special Executive Report which will be emailed to subscribers and posted on the CME Group website.

General views opposing electronic trading without concurrent trading floor-based access to the same products have been expressed to the Exchange. Such views propose that certain contracts are best entered into via open outcry or that electronic trading without concurrent trading floor-based access may potentially decrease the size and types of orders that market participants are willing to provide. Notably, the percentage of overall trading activity that is generated electronically, current electronic trading functionalities which, in many instances, replicate similar market strategies, and the Exchange’s ability to make product-specific determinations in response to the demands of market participants counter and contradict such opposing views.

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.

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

Attachment: Exhibit A: CME/CBOT/NYMEX/COMEX Rule Amendments (blackline format)