

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 17-402 (3 of 4)

**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):** 10/13/17

**Filing Description:** Amendments to CME/CBOT/NYMEX/COMEX Rule 536.B. ("Globex Order Entry") and Rule 574. ("Globex Access Restrictions")

**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:** See filing.

**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:**

October 13, 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, DC 20581

**Re: CFTC Regulation 40.6(a) Certification. Amendments to CME/CBOT/NYMEX/COMEX Rule 536.B. (“Globex Order Entry”) and Rule 574. (“Globex Access Restrictions”). NYMEX Submission No. 17-402 (3 of 4)**

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 Rule 536.B. (“Globex Order Entry”) and Rule 574. (“Globex Access Restrictions”) (collective the “Rule Amendments”) to clarify clearing member responsibilities when such clearing member is in possession of actual or constructive knowledge of a violation of Exchange rules by any Person, effective on Sunday, October 29, 2017, for trade date Monday, October 30, 2017.

Upon review of clearing member responsibilities pursuant to Rule 574., the Exchanges determined that a clearing member should take appropriate action in any circumstance where such clearing member has actual or constructive knowledge that any party for which it has authorized a direct connection to CME Globex has violated Exchange rules with respect to such party’s use of CME Globex, not just in cases where the CME Globex terminal operator with the direct connection is a non-member. The amendment to Rule 574. also necessitates a related amendment to Rule 536.B.1., which contains a reference to the requirements of Rule 574. Accordingly, the Rule Amendments will replace references to “non-members” with either “Globex terminal operator” or “any Person.”

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

The Exchanges reviewed the designated contract market core principles (“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:

Compliance with Rules: The Rule Amendments concern the responsibilities of Exchange clearing member firms that provide connections to CME Globex, which is one means of accessing the Exchanges. The Rule Amendments are in compliance with the Core Principle.

Availability of General Information: As required by this Core Principle, the Exchanges are publicly issuing a Special Executive Report (“SER”) to ensure that market participants have updated guidance and information attendant to Rule 536.B.1. and Rule 574. The SER will also be available on the CME Group website.

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 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](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A: CME/CBOT/NYMEX/COMEX Rule 536.B. and Rule 574. (blackline format)

# **EXHIBIT A**

## **CME/CBOT/NYMEX/COMEX**

### **Chapter 5**

#### **Trading Qualifications and Practices**

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

#### **536.B. Globex Order Entry**

##### **1. General Requirement**

Each Globex terminal operator entering orders into Globex shall accurately input for each [Application Message](#) all fields required to be populated by the CME iLink® Message Specifications set forth in the [CME Group Client Systems Wiki](#) in effect at the time, including, but not limited to the: operator's user ID (Tag 50 ID); price; quantity; product; expiration month; CTI code; automated or manual indicator (Tag 1028); and account number (except as provided in Section C), and, for options, put or call and strike price. The Globex terminal operator's user ID must be present on each Application Message, including order messages, submitted to Globex. For a Globex terminal operator with access pursuant to Rule 574, the clearing member that guarantees such access to Globex will be responsible for the Globex terminal operator's compliance with this rule with respect to the following fields: operator's user ID, CTI code, automated or manual indicator and account number. Notwithstanding, and in accordance with Rule 574, a clearing member must take appropriate action if it has actual or constructive knowledge that a [Globex terminal-non-member](#) operator has failed to accurately input for each Application Message fields required to be populated by this rule.

With respect to orders received by a Globex terminal operator which are capable of being immediately entered into Globex, no record other than that set forth above need be made. However, if a Globex terminal operator receives an order which cannot be immediately entered into Globex, the Globex terminal operator must prepare a written order and include the account designation, date, time of receipt and other information required pursuant to section A.1. above. The order must be entered into Globex when it becomes executable.

[Remainder of this Rule is unchanged.]

#### **574. GLOBEX ACCESS RESTRICTIONS**

All connections to the Globex system must be guaranteed by a clearing member that assumes financial responsibility for all activity through the connection. With respect to transactions given up to other clearing members, such guarantee is effective only until such time that the other clearing member accepts the trade.

All individuals entering non-member customer orders in other than a clerical capacity must have appropriate CFTC registration. Non-member customer orders may be entered only from designated areas on the floor of the Exchange or from the premises of an entity registered to conduct customer business.

Clearing members shall assist the Exchange in any investigation into potential violations of the rules or the Act which occur through or with respect to a Globex connection guaranteed by the clearing member. Such assistance must be timely and may include, but not be limited to, requiring any Person to produce documents, to answer questions from the Exchange, and/or to appear in connection with an investigation.

Clearing members shall suspend or terminate a Person's Globex access if the Exchange determines that the actions of the Person threaten the integrity or liquidity of any contract or violate any Exchange rule or the Act, or if the Person fails to cooperate in an investigation.

If a clearing member has actual or constructive notice of a violation of Exchange rules in connection with the use of Globex by [any Person-non-member](#) for which it has authorized a direct connection and the clearing member fails to take appropriate action, the clearing member may be found to have committed an act detrimental to the interest or welfare of the Exchange.