

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 17-454 (1 of 5)

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

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 12/1/2017 Filing Description: Implementation of New Rule 570 ("Restriction on Sale of Exchange Products in the EU to EU Retail Investors Under PRIIPs" and Amendments to Rule 960 ("Omnibus and Carrying Broker Accounts")).

**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:**

December 1, 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. Notification Regarding the Implementation of New Rule 570. (“Restriction on Sale of Exchange Products in the EU to EU Retail Investors Under PRIIPs” and Amendments to Rule 960. (“Omnibus and Carrying Broker Accounts”). CME Submission No. 17-454 (1 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 new rule 570. (“Restriction on Sale of Exchange Products in the EU to EU Retail Investors Under PRIIPs” and amendments to Rule 960. (“Omnibus and Carrying Broker Accounts”) (collectively, the “Rule Amendments”). The Exchanges will implement the Rule Amendments on January 1, 2018.

The Exchanges are implementing Rule 570. to comply with the Packaged Retail and Insurance-Based Investment Products (“PRIIPs”) regulation passed by the European Commission. PRIIPs establishes a mandatory short form disclosure regime to ensure that European Union based retail investors are adequately informed of the characteristics of a product, including exchange-traded derivatives, to enable retail investors ability to make informed investment decisions prior to entering such a transaction. The focus of PRIIPs is on the sales process and the interaction between the retail investor, the manufacturer [of the product] and/or the advisor or distributor. The Exchanges, as well as all other third-country exchanges, would be considered a “manufacturer” under the PRIIPs regime and would be subject to the disclosure requirements.

Consequently, the Exchanges are required to make disclosure statements (otherwise known as a Key Information Document or “KID”) available for distribution to retail EU customers prior to distribution of products to those clients. The KID documentation will be publicly available on the CME Group Website. The Exchanges will require those who offer or sell in-scope products to EU retail clientele to either provide the KIDs from the CME Group website or, on a more practical level, refer clientele to the website to review the respective KID prior to offering CME Group products.

Attached hereto as Exhibit A, is new Rule 570. which sets forth the distribution requirements –members of the Exchanges will be required to provide a KID prior to offering, selling or otherwise arranging a transaction for a CME Group product to an EU retail customer.

Further, for clearing members that carry omnibus accounts, clearing members may only carry omnibus accounts for entities that received a notice from the clearing member (i) notifying the omnibus account of the EU Retail Customer restrictions contained in Rule 570. and (ii) requiring it to send a similar notice to its omnibus customers. If no KID is available for a CME Group product, members and member firms of the Exchanges must not offer that product or otherwise make it available to EU Retail Customers. Consequently, the Exchanges are amending Rule 960. with respect to such Omnibus Accounts. The changes are also incorporated in Exhibit A.

The Exchanges have reviewed the designated contract market (“DCM”) core principles and the derivatives clearing organization (“DCO”) core principles (“Core Principles”), respectively, as set forth in the Commodity Exchange Act (“Act”) and identified that the amendments may have some bearing on the following DCM and DCO Core Principles:

#### **DCM Core Principles**

- Availability of General Information. The Exchanges will update the Rulebooks on the effective date of the Rule Amendments.
- Compliance with Rules. The rule amendment refines the disclosure requirements as applicable to all members.

#### **DCO Core Principles**

- Public Information. The Rule Amendments will be added to the publicly available CME Rulebook available on the CME Group website.
- Participant and Product Eligibility. CME has determined the rule remains consistent with the participant eligibility requirements being objective, publicly disclosed and risk based.
- Legal Risk. CME Clearing has determined that the Rule Amendments are consistent with the requirement to have a well-founded, transparent and enforceable legal framework for each aspect of the activities of the DCO.

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 action.

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 via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A – New CME/CBOT/NYMEX/COMEX Rule 570. and Amendments to CME/CBOT/NYMEX/COMEX 960. (blackline format)

## **Exhibit A**

### **CME/CBOT/NYME/COMEX Rulebooks**

(additions underlined)

#### **Chapter 5**

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

**570. Restriction on Sale of Exchange Products in the European Union to European Union Retail Investors under PRIIPs [Package Retail and Insurance Based Investment Product]**

(a) No member shall offer, sell or arrange a transaction in an Exchange Contract for, on behalf of, or with a retail investor in the European Union ("EU Retail Investor"), or otherwise make an Exchange Contract available to an EU Retail Investor, unless (1) a key information document ("KID") has been produced for the product by the Exchange in accordance with the requirements of Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") and (2) the KID has been provided to the EU Retail Investor by the intermediary accepting the order from or clearing the transaction on behalf of the EU Retail Investor.

(b) For the purposes of this rule, "retail investor" shall be defined as any person or entity that does not qualify as a "professional client" as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments as may be amended, restated or superseded from time to time.

#### **Chapter 9**

#### **Clearing Members**

**960. Omnibus and Carrying Broker Accounts**

F. Clearing members may only carry omnibus accounts for entities that have received a notice from the clearing member (i) notifying the omnibus account of the EU Retail Customer restrictions contained in Rule 570 and (ii) requiring it to send a similar notice to its omnibus customers.