

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 16-091

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 03/11/2016 Filing Description: Listing of the Transco Zone 6 Natural Gas (Platts IFERC) Fixed Price Swap

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|--------------------------|-------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Notification | § 40.6(d) |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers:

New Product

Please note only ONE product per Submission.

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|-------------------------------------|---------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification | § 40.2(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> | Approval | § 40.3(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission | § 39.5 |

Official Product Names: See filing.

Product Terms and Conditions (product related Rules and Rule Amendments)

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|--------------------------|---|----------------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Certification Made Available to Trade Determination | § 40.6(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.24(a) |
| <input type="checkbox"/> | Delisting (No Open Interest) | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Approval Made Available to Trade Determination | § 40.5(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.24(c) |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | “Non-Material Agricultural Rule Change” | § 40.4(b)(5) |
| <input type="checkbox"/> | Notification | § 40.6(d) |

Official Name(s) of Product(s) Affected:

Rule Numbers:

March 11, 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 40.2(a) Certification. Notification Regarding the Listing of the Transco Zone 6 Natural Gas (Platts IFERC) Fixed Price Swap Contract. CME SEF Submission No. 16-091

Dear Mr. Kirkpatrick:

At the request of Commodity Futures Trading Commission (“CFTC” or “Commission”) staff, Chicago Mercantile Exchange, Inc., a registered swap execution facility (“SEF”), (“CME SEF” or “Exchange”) is providing the Commission with this notification that it is self-certifying the listing of the Transco Zone 6 Natural Gas (Platts IFERC) Fixed Price Swap contract (the “Contract”) for trading. As part of the Exchange’s original SEF application and pursuant to CME Submission No. 13-503 dated November 6, 2013, the Exchange initially notified the Commission of the listing of the Contract.

The Contract specifications are as follows:

Rule Chapter Number and Contract Title	Chapter 11 Transco Zone 6 Natural Gas (Platts IFERC) Fixed Price Swap
Commodity Code	XZW
Contract Size	2,500 million British thermal units (MMBtu)
Listing Schedule (all venues)	36 consecutive calendar months on CME Globex and the current year plus the next five (5) years on CME ClearPort
Termination of Trading	contract shall terminate on the last business day of the month prior to the contract month..

Minimum Price Fluctuation	\$0.0001 per MMBtu
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The original filing of the product chapter erroneously included Rule 11102.D. (“Position Limits, Exemptions, Position Accountability and Reportable Levels”). The Exchange is deleting Rule 11102.D. Appendix A provides Chapter 11 in blackline format.

The Exchange reviewed the SEF core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that listing the Contract may have some bearing on the following Core Principles:

- Monitoring of Trading and Trade Processing: Trading in this Contract will be subject to the SEF rules (“Rulebook”) which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process.
- Contracts Not Readily Subject to Manipulation: This Contract is not readily subject to manipulation as a result of the deep liquidity and robustness of the underlying futures market and settlement index.
- Compliance with Rules: Trading in this Contract will be subject to the rules in the Rulebook which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in this Contract will also be subject to the full panoply of trade practice rules, the majority of which are contained in Chapter 5 of the Rulebook. Activity in this product is subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.
- Timely Publication of Trading Information: The Exchange will publish information on the Contract’s specification on its website, together with daily trading volume, open interest and price information. Trading volume, open interest and price information will be published daily on the Exchange’s website and via quote vendors.
- Financial Integrity of Contracts: The Contract will be cleared by the Clearing House of the Chicago Mercantile Exchange Inc. which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.
- Trade Information: All required trade information is included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- Position Limits and Position Accountability: This swap product is a Permitted Transaction as defined in Regulation 37.9. A SEF may demonstrate compliance with this Core Principle by sending the Commission a list of its Permitted Transactions that are traded on the SEF.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.2(a), the Exchange hereby certifies that the Contract complies with the Act, including regulations under the Act. There were no substantive opposing views to the listing of the Contract.

The Exchange 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 via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A: Rulebook Chapter (blackline format)
Appendix B: Outstanding Derivatives Notional Exposure; Trading Liquidity; Pricing Data;
Pricing Sources, Models and Procedures

APPENDIX A

CME SEF Rulebook

Chapter 11: Transco Zone 6 Natural Gas (Platts IFERC) Fixed Price Swap

11100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all swap contracts bought or sold on the CME SEF for cash settlement based on the Floating Price (as defined below). The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the CME SEF or other rules as referred to therein.

11101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the price assessment, which is the bidweek (average) price for Transco Zone 6 N.Y. published in the Platts' Inside FERC ("IFERC") Gas Market Report under the "Northeast" heading in the "Index" column of the table entitled "Market Center Spot Gas Prices" for the corresponding contract month.

11102. TRADING SPECIFICATIONS

The number of months open for trading at a given time shall be determined by CME SEF.

11102.B. Trading Unit

The contract quantity shall be 2,500 million British thermal units ("MMBtu"). Each swap contract shall be valued as the contract quantity multiplied by the settlement price.

11102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per MMBtu. The minimum price fluctuation shall be \$0.0001 per MMBtu.

~~11102.D. Position Limits, Exemptions, Position Accountability and Reportable Levels~~

~~The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.~~

~~A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the CME SEF, and the Market Regulation Department may grant qualified exemptions in its sole discretion.~~

~~Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.~~

11102.E. Termination of Trading

The contract shall terminate on the last business day of the month prior to the contract month.

11103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

11104. CLEARING GUARANTEE

No order or trade in this contract may be entered or executed upon any CME SEF platform unless a NYMEX Clearing Member, as the term is defined under NYMEX Rules, guarantees and assumes complete responsibility for the financial obligations of the participant on whose behalf such order or trade is entered.

11105. DISCLAIMER

NEITHER CHICAGO MERCANTILE EXCHANGE, INC. ("CME"), ITS AFFILIATES NOR PLATTS, A DIVISION OF THE MCGRAW-HILL COMPANIES, INC. ("PLATTS"), GUARANTEES THE ACCURACY OR COMPLETENESS OF THE PLATTS PRICE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN. CME, ITS AFFILIATES OR PLATTS MAKE NO WARRANTIES,

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APPENDIX B

Outstanding Derivatives Notional Exposure

Due to the lack of data on OTC derivatives transactions involving Transco Zone 6, CME Clearing is not able to estimate OTC derivatives notional exposure. With respect to exchange-traded derivatives, the basis futures market for Transco Zone 6 is currently most active and relevant to assessing potential Transco Zone 6 notional derivatives exposure. A Transco Zone 6 basis futures contract is priced as the Platts IFERC price index for Transco Zone 6 minus the final settlement price of the NYMEX Henry Hub Natural Gas Last Day Financial Futures contract (HH). Basis futures contracts are listed by both NYMEX and ICE Futures U.S. ("ICE"). As of March 7, 2016, total NYMEX and ICE Transco Zone 6 Natural Gas (Platts IFERC) Basis Futures open interest was for contract month November 2013. At a notional size of 2,500 million British thermal units (MMBtu) per contract, and using a NYMEX Transco Zone 6 Natural Gas (Platts IFERC) Fixed Price Futures contract (XZ) price of \$1.25 per MMBtu, the Transco Zone 6 leg of the April 2016 basis futures contract approximately equates to a notional value of \$286 million as of October 16, 2013.

Trading Liquidity

To calculate the liquidity level for Transco Zone 6 Natural Gas (Platts IFERC) Fixed market, CME Clearing also relied volume data of Transco Zone 6 Natural Gas (Platts IFERC) Basis Futures. Table 1 shows NYMEX and ICE volume for Transco Zone 6 Natural Gas (Platts IFERC) Basis Futures from June 2013 to February 2016. The total volume averaged 32,445 contracts.

Table 1: NYMEX and ICE Volume for Transco Zone 6 Natural Gas (Platts IFERC) Basis Futures

Month	NYMEX Volume	ICE Volume
Jun 2013	932	73,121
Jul-13	0	33,975
Aug-13	264	39,871
Sep-13	0	28,967

Month	NYMEX Volume	ICE Volume
Oct-13	48	75,850
Nov-13	688	60,573
Dec-13	20	21,445
Jan-14	20	31,928
Feb-14	240	18,473
Mar-14	444	21,235
Apr-14	60	28,422
May-14	0	16,375
Jun-14	0	10,400
Jul-14	572	16,566
Aug-14	0	10,461
Sep-14	1066	24,104
Oct-14	0	24,230
Nov-14	608	18,920
Dec-14	732	20,263
Jan-15	152	58,013
Feb-15	0	38,157
Mar-15	352	55,532
Apr-15	2044	42,934
May-15	2696	41,628
Jun-15	155	32,900
Jul-15	604	26,887
Aug-15	0	24,453
Sep-15	2954	21,723
Oct-15	1068	29,351

Month	NYMEX Volume	ICE Volume
Nov-15	213	17,762
Dec-15	428	23,278
Jan-16	1057	39,709
Feb-16	214	25,555

Pricing Data

The value used to cash-settle the Transco Zone 6 Natural Gas (Platts IFERC) Fixed Price Swap (XZW) is the monthly Bidweek price associated with the New York Transco pipeline natural gas system. Platts defines Bidweek as the last five business days of the month. During that period, Platts collects voluntarily-reported transaction information submitted by market participants regarding their next-month delivery of natural gas. The Bidweek survey results are published in the Platts IFERC Gas Market Report. The Transco Zone 6 Natural Gas (Platts IFERC) Fixed Price Swap (XZW) is cash-settled referencing the Bidweek price index alone. The monthly Bidweek index underlying the Transco Zone 6 Natural Gas (Platts IFERC) Fixed Price Swap (XZW) is computed by Platts as the volume-weighted average price based on the submitted physical market transactions that took place during that period at the New York Transco pipeline natural gas system. Information from Platts regarding its natural gas index methodology is included in Appendix 1-A (Platts, Methodology and Specifications Guide, North American Natural Gas).

Pricing Sources, Models and Procedures

The monthly Bidweek index underlying the Transco Zone 6 Natural Gas (Platts IFERC) Fixed Price Swap (XZW) is computed by Platts as the volume-weighted average price based on the submitted physical market transactions that took place during that period at the New York Transco pipeline natural gas system.

In July 2003, Platts adopted a three-tier system grouping points in its monthly survey by the reported volumes and number of trades. Tier 1 includes points with volumes of at least 100,000 MMBtu/day and at least 10 trades; Tier 2 includes points with volumes of 25,000 to 99,999 MMBtu/day and at least five

trades; and Tier 3 includes points with volumes below 25,000 MMBtu/day and/or fewer than five trades. With regard to the cash markets underlying the subject swap, the location is considered liquid as Platts generally ranks this market in Tier 1 each month. Platts subjects its collected data to a series of statistical tests to ensure the quality and completeness of the survey sample for each pricing point or geographical location. These tests include: (i) the identification and consideration of anomalous or outlying transactions; (ii) a comparison of volume-weighted average prices for each data submitter; and (iii) the calculation of a number of overall measures of central tendency, including the volume-weighted average, the median, the simple average, the mode and the midpoint.