

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 16-260 (1 of 2)

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

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 06/24/16 Filing Description: Notice of Emergency Action – Extension of Temporary Modifications to CME and CBOT Rule 589. (“Special Price Fluctuation Limits”) for CME FX and CME and CBOT Interest Rate Futures Products in Connection with the June 23, 2016 “Brexit” Vote in the United Kingdom.

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: 589**

**New Product**

**Please note only ONE product per Submission.**

- |                          |                                       |            |
|--------------------------|---------------------------------------|------------|
| <input 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 Name:**

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

- |                                     |   |                      |
|-------------------------------------|---|----------------------|
| <input checked="" 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:** See filing.

**Rule Numbers:** See filing.

June 24, 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, DC 20581

**RE: CFTC Regulation 40.6(a)(6) Emergency Rule Certification.  
Notification of Emergency Action – Extension of Temporary Modifications to CME  
and CBOT Rule 589 (“Special Price Fluctuation Limits”) for CME FX and CME and  
CBOT Interest Rate Products in Connection with the June 23, 2016 “Brexit” Vote in  
the United Kingdom.  
CME/CBOT Submission No. 16-260 (1 of 2)**

Dear Mr. Kirkpatrick:

Pursuant to Chicago Mercantile Exchange Inc. (“CME”) and The Board of Trade of the City of Chicago, Inc. (“CBOT”) (collectively, the “Exchanges”) Rule 579.A. (“Global Command Center – GCC Authority”), the Exchanges are notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that the CME Group Global Command Center (“GCC”) took emergency action on June 24, 2016, effective for trade date June 27, 2016, in connection with the “Brexit” vote in the United Kingdom which was held on June 23, 2016. The Exchanges determined that the “Brexit” vote resulted in a marked increase in price volatility in CME FX and CME and CBOT Interest Rate products. The emergency action was taken as a precautionary measure and is intended to ensure fair and orderly trading in all these products which are subject to CME/CBOT Rule 589. (“Special Price Fluctuation Limits”).

Please note that the Exchanges filed with the CFTC Notice of Emergency Action pursuant to Submission No. 16-258 dated June 22, 2016. This Submission in essence extends that Emergency Action from close of trading on Friday, June 24, 2016 to close of trading on Monday, June 27, 2016.

More specifically, CME/CBOT Rule 589. applies initial price fluctuation limits above or below the previous day’s settlement price for each futures contract month, and is termed the “first special price fluctuation limit level.” There are three (3) additional levels that may be triggered based on parameters set forth in CME/CBOT Rule 589.B. (“Triggering Events and Temporary Trading Halts”). For your convenience, a copy of CME/CBOT Rule 589. appears in Exhibit A. Each successive level is twice the value of the preceding level. The applicable levels are set forth in the Special Price Fluctuation Limits Table (“Table”) in the Interpretations Section at the end of Chapter 5 of the CME and CBOT Rulebooks. For your convenience, a copy of the Table appears in Exhibit B.

Specific GCC Emergency Actions

With regard to CME FX futures, effective with the opening of trading at 5:00 p.m. Central Time (“CT”) on June 26, 2016, for trade date June 27, 2016, and continuing through the close of trading on June 27, 2016, the four (4) special price fluctuation limit levels set forth in the Table will be doubled.

With regard to CME and CBOT Interest Rate futures, effective with the opening of trading at 5:00 p.m. CT on June 26, 2016, for trade date June 27, 2016, and continuing through the close of trading on June 27,

2016, the lower Extended Trading Hours special price fluctuation limit levels specified in the Table will be replaced with the higher Regular Trading Hours special price fluctuation limit levels specified in the Table.

In the absence of additional emergency action by the GCC, the special price fluctuation limits will revert to their standard levels in CME FX and CME and CBOT Interest Rate futures products after the close of trading on Monday, June 27, 2016.

The marketplace was notified of the emergency action via the issuance of a Notice of Emergency Action ("Notice") and CME Group Special Executive Report S-7687R ("S-7687R"). A copy of the Notice appears in Exhibit C.

The Exchanges reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or the "Act") and identified that the emergency action may have some bearing on the following Core Principles:

Emergency Authority: The action by the GCC constitutes an emergency action taken in accordance with the provisions of CME and CBOT Rule 579, and requires prompt notice to be provided to the CFTC under both Commission Regulations and CME and CBOT Rule 579.

Availability of General Information: The emergency action has been communicated to the marketplace via the issuance of a Notice of Emergency Action ("Notice") and S-7687R. The Notice and S-7687R have been distributed via email to subscribers of these publications in addition to being posted publicly on the CME Group website.

The Exchanges certify that the emergency action to temporarily modify the special price fluctuation limit levels applicable to CME FX futures and CME and CBOT Interest Rate futures complies with the Act and regulations thereunder. There were no substantive opposing views to this proposal.

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>.

If you have any questions regarding this submission, please contact me 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

Attachments: Exhibit A – CME and CBOT Rule 589.  
Exhibit B – Special Price Fluctuation Limits Table (attached under separate cover)  
Exhibit C – Notice of Emergency Action

# **Exhibit A**

## **CME/CBOT**

### **Chapter 5**

#### **("Trading Qualifications and Practices")**

##### **CME and CBOT Rule 589. SPECIAL PRICE FLUCTUATION LIMITS**

The special price fluctuation limits applicable to those contracts with special price fluctuation limits are set forth in the Special Price Fluctuation Limits Table ("Table") in the Interpretations Section at the end of Chapter 5.

##### **589.A. Initial Price Fluctuation Limits for All Contract Months**

At the commencement of each trading day, there shall be initial price fluctuation limits in effect for each futures contract month of the primary futures contract (as identified in the Table) above or below the previous day's settlement price for such contract month set at the first special price fluctuation limit level as provided in the Table.

##### **589.B. Triggering Events and Temporary Trading Halts**

###### **1. First Triggering Event and Temporary Trading Halt**

If the lead contract month (as identified by the Exchange) of the primary futures contract is bid or offered via Globex at the upper or lower price fluctuation limit at the first special price fluctuation limit level, as applicable, it will be considered a triggering event that will begin a two (2) minute monitoring period in the lead contract month. If, at the end of the two (2) minute monitoring period, the lead contract month of the primary futures contract is not bid or offered at the applicable special price fluctuation limit, the special price fluctuation limits shall be expanded an additional increment above and below the previous day's settlement price for all contract months of the primary futures contract and all contract months of associated products of the primary futures contract as provided in the Table. If, however, at the end of the two (2) minute monitoring period, the lead contract month of the primary futures contract is bid or offered at the applicable special price fluctuation limit, a two (2) minute temporary trading halt will commence in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract as provided in the Table. In addition, trading in any associated product that is an option related to the primary futures contract or in an option contract related to any other associated product of the primary futures contract that may be available for trading on Globex or on the trading floor shall be subject to a coordinated temporary trading halt.

###### **2. Expansion of Limits Following Temporary Trading Halt**

Following the end of a temporary trading halt, the affected markets shall re-open simultaneously in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract. When trading resumes, the special price fluctuation limits shall be expanded an additional increment above and below the previous day's settlement price for all contract months of the primary futures contract and all contract months of associated products of the primary futures contract as provided in the Table.

In each instance in which a triggering event occurs, a two (2) minute monitoring period will commence as provided in Section B.1. of this Rule. In each instance, the special price fluctuation limits shall be expanded by an additional increment above and below the previous day's settlement price for all contract months of the primary futures contract and all contract months of associated products of the primary futures contract as provided in the Table. Following the fourth triggering event on a trading day, there shall be no further special price fluctuation limits.

###### **3. Foreign Exchange Contracts [This Section appears solely in CME Rule 589.]**

The GCC shall designate a lead primary contract month for purposes of this Rule. Additionally, on the expiration day of an expiring primary futures contract month, there shall be no special price fluctuation limits on any contract months of the primary futures contract or on any contract months of any associated products of the primary futures contract.

On each trading day, there shall be no temporary trading halts or expansion of special price fluctuation limits in the primary futures contract or in any associated products of the primary futures contract during the five (5) minutes preceding the end of the primary futures contract's settlement price determination period. If a triggering event occurs during this five (5) minute period, trading will continue with the current price limit in effect until the conclusion of the five (5) minute period, at which time a monitoring period, temporary trading halt or special price fluctuation limit expansion, as applicable, will occur.

On each trading day, there shall be no temporary trading halts or expansion of special price fluctuation limits in the primary futures contract or in any associated products of the primary futures contract during the five (5) minute period preceding the close of trading. If a triggering event occurs during this five (5) minute period, trading will continue with the current price limit in effect until the close of trading.

###### **3. Interest Rate Contracts [This Section appears solely in CBOT Rule 589.]**

The GCC shall designate a lead primary contract month for purposes of this Rule. Additionally, an expiring contract month of a primary futures contract shall have no special price fluctuation limits from the contract's first notice day through its last delivery day.

On each trading day, there shall be no temporary trading halts or expansion of special price fluctuation limits in the primary futures contract or in any associated products of the primary futures contract during the five (5) minutes preceding the end of the primary futures contract's settlement price determination period. If a triggering event occurs during this five (5) minute period, trading will continue with the current price limit in effect until the conclusion of the five (5) minute period, at which time a monitoring period, temporary trading halt or special price fluctuation limit expansion, as applicable, will occur.

On each trading day, there shall be no temporary trading halts or expansion of special price fluctuation limits in the primary futures contract or in any associated products of the primary futures contract during the five (5) minute period preceding the close of trading. If a triggering event occurs during this five (5) minute period, trading will continue with the current price limit in effect until the close of trading.

#### 4. Short Term Interest Rate Contracts

The GCC shall designate a lead primary contract month for purposes of this Rule. Additionally, there shall be no special price fluctuation limits two Business Days prior to the expiration of an expiring primary futures contract month.

On each trading day, there shall be no temporary trading halt or expansion of special price fluctuation limits in the primary futures contract or in any associated products of the primary futures contract during the five (5) minutes preceding the end of the primary futures contract's settlement price determination period. If a triggering event occurs during this five (5) minute period, trading will continue with the current price limit in effect until the conclusion of the five (5) minute period, at which time a monitoring period, temporary trading halt or special price fluctuation limit expansion, as applicable, will occur.

On each trading day, there shall be no temporary trading halts or expansion of special price fluctuation limits in the primary futures contract or in any associated products of the primary futures contract during the five (5) minute period preceding the close of trading. If a triggering event occurs during this five (5) minute period, trading will continue with the current price limit in effect until the close of trading.

#### **589.C. Price Fluctuation Limits on Trading Floor (Floor Trading)**

The special price fluctuation limits cited in Section A. of this Rule shall be applicable to all products in the Table that are traded via open outcry on the trading floor. Trades occurring via open outcry on the trading floor shall not constitute a triggering event for purposes of a temporary trading halt.

In all instances in which a temporary trading halt in the lead contract month of the primary futures contract occurs on Globex, floor trading in all contract months in any option related to the primary futures contract or in an option contract related to any associated product of the primary futures contract shall be subject to a coordinated temporary trading halt.

Whenever Globex markets are re-opened with expanded price limits pursuant to the provisions of Section B. of this Rule, the affected markets on the trading floor shall simultaneously re-open with expanded price limits.

**Exhibit B**

Special Price Fluctuation Limits Table  
(attached under separate cover)

# **Exhibit C**

**CHICAGO MERCANTILE EXCHANGE  
CHICAGO BOARD OF TRADE  
NOTICE OF EMERGENCY ACTION**

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**FILE NO.:** CME and CBOT 16-0003

**SUBJECT:** Extension of Temporary Modification to CME FX and CME and CBOT Interest Rate Special Price Fluctuation Limits

**APPLICABLE CME/CBOT RULE:** 579. GLOBAL COMMAND CENTER (in part)

A. GCC Authority

The GCC has the authority to take any action deemed appropriate to preserve market integrity in CME Group markets. Such actions include, but are not limited to, the halting of trading, modifying risk-mitigating parameters including price bands, velocity logic and special price fluctuation limits as described in Rule 589, restricting customer access to Globex or any other actions deemed to be in the best interest of the Exchange. In the event any action taken pursuant to this Rule is in response to an emergency as defined in CFTC Regulation 40.1(h), the CFTC shall be notified of the emergency action in accordance with CFTC Regulations.

**589. SPECIAL PRICE FLUCTUATION LIMITS (links below)**

<http://www.cmegroup.com/rulebook/CME/I/5/5.pdf>

<http://www.cmegroup.com/rulebook/CBOT/I/5/5.pdf>

**EMERGENCY ACTION:** On June 22, 2016, the Global Command Center (“GCC”) took emergency action by temporarily modifying the special price fluctuation limits applicable to CME FX futures and CME and CBOT Interest Rate futures as a precautionary measure to ensure fair and orderly trading in these products based on the strong likelihood of increased price volatility expected to result from the “Brexit” vote in the United Kingdom on June 23, 2016. (See Notice of Emergency Action File No. 16-0002.)

On June 24, 2016, the Global Command Center (“GCC”) took emergency action by temporarily modifying, and extending the emergency action it took on June 22, 2016, as a measure to ensure fair and orderly trading based on the strong likelihood of continued price volatility from the “Brexit” vote in the United Kingdom on June 23, 2016.

With regard to CME FX futures, effective with the opening of trading at 5:00 p.m. Central Time (“CT”) on June 26, 2016, for trade date June 27, 2016, and continuing through the close of trading on June 27, 2016, the four (4) Rule 589 (“Special Price Fluctuation Limits”) special price fluctuation limit levels set forth in the Special Price Fluctuation Limits Table (“Table”) will be doubled.

With regard to CME and CBOT Interest Rate futures, effective with the opening of trading at 5:00 p.m. CT on June 26, 2016, for trade date June 27, 2016, and continuing through the close of trading on June 27, 2016, the lower Extended Trading Hours special price fluctuation limit levels specified in the Table will be replaced with the higher Regular Trading Hours special price fluctuation limit levels specified in the Table.

In the good faith exercise of its sole discretion, the GCC determined that an emergency exists and that emergency action is warranted.

**EFFECTIVE DATE:** June 26, 2016, for trade date June 27, 2016, effective through close of trading on June 27, 2016