

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 16-268

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

**Filing as a:**     **DCM**         **SEF**         **DCO**         **SDR**

**Please note - only ONE choice allowed.**

**Filing Date (mm/dd/yy):** 07/29/16    **Filing Description:** Amendments to the Exercise and Assignment Rules for Options on CME Metro Area Housing Index Futures Contracts and Options on CME Composite Housing Index Futures Contracts

**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.**

- |                          |                                       |            |
|--------------------------|---------------------------------------|------------|
| <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     |

**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.

July 29, 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 40.6(a) Certification. Amendments to the Exercise and Assignment Rules for Options on CME Metro Area Housing Index Futures Contracts and Options on CME Composite Housing Index Futures Contracts.**

**CME Submission No. 16-268**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") is certifying the following to the Commodity Futures Trading Commission ("CFTC" or "Commission"): amendments to (i) CME Rules 419A02.A. ("Exercise of Option by Buyer") of the Options on CME Metro Area Housing Index Futures contract (the "Options Contract") (Rulebook Chapter 419A; Codes: BOS, CHI, DEN, LAV, LAX, MIA, NYM, SDG, SFR and WDC and CME Rule 420A02.A. ("Exercise of Option by Buyer") of the Options on CME Composite Housing Index Futures contract (the "Options Contract") (Rulebook Chapter 420A; Code: CUS) effective on Sunday, August 14, 2016, for trade date Monday, August 15, 2016.

The amendments are technical corrections to clarify that the Option Contracts are European-style options and may only be exercised on the termination of trading day. The original rule language erroneously reflected housing options as American-style although they were intended to be (as described in SER 4452 issued on May 19, 2006) and were configured to be European-style options when the options were first launched on May 22, 2006. The Options Contracts are available for trading on the CME trading floor and CME Globex.

The Exchange reviewed the designated contract market core principles ("DCM Core Principles") and identified that the amendments may have some bearing on the following principles:

- Availability of General Information: The Exchange will make publicly available the details of the amendment to the Exercise and Assignment rules by publishing a Special Executive Report ("SER") to the market. The SER will be available on CME Group's website.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that these amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to the 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>.

Inquiries regarding the aforementioned may be directed to me at (212) 299-2200 or please e-mail [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A: Amendments to CME Chapter 419A and 420A (blackline format)  
Appendix B: Position Limits, Position Accountability and Reportable Level Table in  
Chapter 5 of the CME Rulebook (attached under separate cover)

**Appendix A**  
**(additions are underlined; deletions are ~~struckthrough~~)**

**CME Rulebook**  
**Chapter 419A**  
**Options on CME Metro Area Housing Index Futures**

**419A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of options on CME Metro Area Housing futures.

**419A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer ~~on any Business Day that the option is traded~~ only on the termination of Trading Day. Exercise of an option is accomplished by the clearing member representing the buyer presenting an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the Business Day following the termination of trading by the clearing member representing the option buyer, be exercised automatically.

In-the-money options that expire in months other than those in the February quarterly cycle (February, May, August and November) and have not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of the expiration by the clearing member representing the option buyer, be exercised automatically.

Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

**Chapter 420A**  
**Options on CME Composite Housing Index Futures**

**420A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of options on CME Composite Housing Index futures.

**420A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer ~~on any Business Day that the option is traded~~ only on the termination of Trading Day. Exercise of an option is accomplished by the clearing member representing the buyer presenting an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the Business Day following the termination of trading by the clearing member representing the option buyer, be exercised automatically.

In-the-money options that expire in months other than those in the February quarterly cycle (February, May, August and November) and have not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of the expiration by the clearing member representing the option buyer, be exercised automatically.

Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

## **Appendix B**

### **Position Limits, Position Accountability and Reportable Level Table in Chapter 5 of the CME Rulebook**

(attached under separate cover)