

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 18-350

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

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

Please note - only ONE choice allowed.

Filing Date: 08/22/2018 **Filing Description:** Initial Listing of the Physically-Delivered Turkish Lira/U.S. Dollar (TRY/USD) Futures Contract and Related Amendments Chapter 7 ("Delivery Facilities and Procedures")

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 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 |

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

- | | | |
|--------------------------|---|----------------------|
| <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:

August 23, 2018

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
3 Lafayette Center
1155 21st Street NW
Washington, DC 20581

**Re: CFTC Regulation 40.2(a) Notification Regarding the Initial Listing of the Physically-Delivered Turkish Lira/U.S. Dollar (TRY/USD) Futures Contract and Related Amendments to Chapter 7 (“Delivery Facilities and Procedures”).
CME Submission No. 18-350**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) hereby notifies the Commodity Futures Trading Commission (“CFTC”) that it is self-certifying the initial listing of the physically-delivered Turkish Lira/U.S. Dollar (TRY/USD) Futures contract (the “Contract”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing on CME ClearPort on Sunday, September 9, 2018, for trade date Monday, September 10, 2018.

In what follows, Section 1 discusses the terms and conditions of the Contracts. Section 2 addresses compliance of Contract terms and conditions with the applicable core principles for designated contract markets (“Core Principles”) set forth in the Commodity Exchange Act (“CEA” or “Act”).

Contract terms and conditions of the Contract shall be set forth in CME Rulebook Chapters 273, the text of which appear in Appendix A. Amendments to Related Rules in Chapter 7 are set forth in Appendix B. Appendix C addresses the applicable position limits and reportable position levels pursuant to CME Rule 273. Appendix D presents the applicable CME Globex non-reviewable trading ranges pursuant to CME Rule 588.H., and Appendix E gives the pertinent special price fluctuation limits pursuant to CME Rule 589. Appendix F presents the Cash Market Overview and Analysis of Deliverable Supply. Appendix G sets forth the Exchange fees applicable to trading and clearing the Contracts. Appendix H sets for the Amendments to CME Rule 539.C. (“Pre-Execution Communications Concerning Globex Trades”) - Crossing Protocols Table.

Section 1 – Contract Specifications for Turkish Lira/U.S. Dollar (TRY/USD) Futures

Description	Physically delivered futures contract culminating in exchange of Turkish Lira for U.S. Dollars.
Contract Title	Turkish Lira/U.S. Dollar (TRY/USD) Futures
Product Code	TRL
CME Rulebook Chapter	273
Contract Size	1,000,000 Turkish lira

Contract Months	Six months in the March quarterly cycle. First expiries to be listed at launch: December 2018, March 2019, June 2019, September 2019, December 2019, and March 2020.
Quotation	Quoted in US dollars per one (1) Turkish lira.
Minimum Price Fluctuation (and Tick Value)	Quoted in multiples of 0.000005 US dollars per Turkish lira (5 USD per contract); or, 0.000001 US dollars per Turkish lira (1 USD) for intra-currency (calendar) spreads.
Daily Settlement	Daily settlement prices established at 2:00 pm Chicago time.
Last Trading Day	Trading terminates at 4:00 p.m. London time on the second business day preceding the third Wednesday of the contract month.
Contract Settlement	Physical delivery with initial, maintenance, and daily variation margins for speculative and hedge positions in US dollars.
Delivery Day	Third Wednesday of the contract month.
Trading and Clearing Hours	CME Globex and CME ClearPort: Sunday – Friday, 5:00 pm – 4:00 pm Chicago time. Friday close at 4:00 pm Chicago time and reopens at 5:00 pm Chicago time on Sunday.
Block Trade Minimum Threshold Level	10 contracts
Exchange for Physical	Allowed
CME Globex Matching Algorithm	First In, First Out

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the Contract into the Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the CME Rulebook in relation to the listing of the new contract. These terms and conditions establish the spot, single- and all-month speculative position levels, reportable levels, and aggregation allocation for Contract.

CME is also notifying the CFTC that it is self-certifying block trading on the Contract with a minimum block threshold level of ten (10) contracts. The minimum block level threshold is aligned with other similar contracts.

Additionally, in accordance with CME Rule 539.C. (“Pre-Execution Communications Concerning Globex Trades”), the Contract will be added to the list of foreign exchange contracts in the appendix of the Rule 539.C. Crossing Protocols Table at the end of Chapter 5 (“Trading Qualifications and Practices”) in line with similar contracts.

Section 2 -- Compliance with Core Principles

The Exchange has reviewed the Core Principles as set forth in the Commodity Exchange Act (the “Act”) and has identified that the new product terms and conditions certified herein may bear upon the following Core Principles:

Core Principle 2 – Compliance with Rules

Trading in the Contracts shall be subject to:

- CME Rulebook Chapter 4, which includes prohibitions against fraudulent, noncompetitive, unfair, and abusive practices;

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- the Exchange’s trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook; and
- monitoring and surveillance by CME Group’s Market Regulation Department, which has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

Core Principle 3 – Contracts Not Readily Subject to Manipulation

According to the 2016 (and most recent) Triennial Central Bank Survey conducted by the Bank for International Settlements, the Turkish lira is the 16th most traded currency in the world and the sixth most traded currency in Europe. Average daily volume in Turkish lira spot transactions, outright forwards, foreign exchange swaps, currency swaps, and FX options was 73 billion US dollars in 2016. In view of these considerations, the Contract possesses more than sufficient integrity to deflect attempted cornering, manipulation, crowding, or exertion of undue influence upon final settlement of expiring Contracts.

Core Principle 4 – Prevention of Market Disruption

Trading in the Contracts shall be subject to CME Rulebook Chapters 4 and 7, which include prohibitions on manipulation, price distortion, and disruption to the expiration process. As with any product listed for trading on a CME Group designated contract market, futures trading activity shall be subject to monitoring and surveillance by CME Group’s Market Regulation Department.

Core Principle 5 – Position Limits or Accountability

As a basis for providing a uniform and methodical analysis for determining position limits/accountability for the new TRY/USD futures, the Exchange has adopted three metrics to frame our analysis quantitatively.

First, the deliverable grade for the new TRY/USD futures is defined as equal to the M1 money supply of the Republic of Turkey. In general terms, Turkish M1 money supply consists of currency in circulation plus demand deposits, such as checking and savings accounts. Turkish M1 is the narrowest and most conservative definition of Turkey’s deliverable currency stock available on a spot market basis. Turkish M1 data is readily available from the economic database of the Federal Reserve Bank of St. Louis (“FRED”).

Second, the Exchange recommends spot and single month position limits and/or accountability for Contract equal one percent of Turkish M1 money supply, rounded to the nearest 5,000-contract increment. The Exchange believe one percent is a reasonable level since it is well below the 25 percent maximum threshold of estimated deliverable supply that the CFTC stipulates for determining the speculative spot month limits of a futures contract as codified in Part 150 of the Act.

Third, the Exchange recommends all months position limits and/or accountability for the Contract equal two percent of Turkish M1 money supply, rounded to the nearest 5,000-contract increment. Again, the Exchange believe two percent is a conservative level as it is substantially below the CFTC’s 25 percent maximum threshold for determining speculative limits.

Appendix F contains the cash market overview and analysis that CME used to determine the proposed limits for the Contract.

Core Principle 7 – Availability of General Information

The Exchange shall disseminate a Special Executive Report (“SER”) that sets forth information regarding the specifications, terms, and conditions of the Contracts. The SER will also be available on the CME Group website.

Core Principle 8 – Daily Publication of Trading Information

The Exchange shall publish trading volumes, open interest levels, and price information for the Contracts daily on its website and through quote vendors.

Core Principle 9 – Execution of Transactions

The Contracts will be listed for trading on the CME Globex electronic trading and for clearing through CME ClearPort. The CME Globex electronic trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity.

Core Principle 10 – Trade Information

All requisite trade information shall be included in the audit trail and will suffice for the Market Regulation Department to monitor for market abuse.

Core Principle 11 – Financial Integrity of Contracts

The Contracts shall be cleared by CME Clearing, which is registered with the Commission as a derivatives clearing organization, and which is subject to all CFTC regulations related thereto.

Core Principle 12 – Protection of Markets and Market Participants

CME Rulebook Chapters 4 and 5 set forth multiple strictures that preclude intermediaries from disadvantaging their customers. These Rules apply to trading in all of the Exchange’s competitive trading venues and will apply to transactions in the Contracts.

Core Principle 13 – Disciplinary Procedures

CME Rulebook Chapter 4 provides for the Exchange to discipline, suspend, or expel members or market participants who violate the rules of the Exchange. Trading in the Contracts shall be subject to these provisions. The Exchange’s Market Regulation Department has the authority to exercise its powers of enforcement, in the event that rule violations in the Contracts are identified.

Core Principle 14 – Dispute Resolution

Disputes in respect of these futures shall be subject to the arbitration provisions set forth in CME Rulebook Chapter 6, which allow all nonmembers to submit to arbitration claims for financial loss resulting from transactions on the Exchange. Pursuant to these provisions, any member named as a respondent in any such claim submitted by a nonmember is required to participate in arbitration proceedings. Additionally, the Exchange requires members to resolve via arbitration all disputes concerning transactions on the Exchange.

The Exchange certifies that the Contract comply with the Act, including all 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-fillings.html>. Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments:	Appendix A	CME Rulebook Chapter 273
	Appendix B	CME Amendments to Related Rules in Chapter 7 (“Delivery Facilities and Procedures”)
	Appendix C	Position Limit, Position Accountability, and Reportable Level Table, CME Rulebook Chapter 5 (attached under separate cover)
	Appendix D	CME Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table
	Appendix E	Special Price Fluctuation Limits and Daily Price Limits Table, CME Rulebook Chapter 5
	Appendix F	Cash Market Overview and Analysis of Deliverable Supply
	Appendix G	Exchange Fees

Appendix H CME Rule 539.C. (“Pre-Execution Communications Concerning Globex Trades”) - Crossing Protocols Table

Appendix A

CME Rulebook Chapter 273 Turkish Lira/U.S. Dollar (TRY/USD) Futures

27300. SCOPE OF CHAPTER

This chapter is limited in application to Turkish lira/U.S. dollar futures. In addition to this chapter, Turkish lira/U.S. dollar futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

27301. TRADING SPECIFICATIONS

27301.A. Trading Schedule

Futures contracts shall be scheduled for trading and delivery during such hours and in such months as may be determined by the Exchange.

27301.B. Trading Unit

The unit of trading shall be 1,000,000 Turkish lira.

27301.C. Price Increments

Minimum price fluctuations shall be in multiples of 0.000005 U.S. dollars per Turkish lira, equivalent to 5 U.S. dollars per contract. Trades may also occur in multiples of 0.000001 U.S. dollars per Turkish lira for Turkish lira/U.S. dollar (TRY/USD) futures intra-currency spreads executed as simultaneous transactions pursuant to Rule 542.

27301.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 Exchange, 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.

27301.E. [Reserved]

27301.F. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

27301.G. Termination of Trading

Futures trading shall terminate at 4:00 p.m. London time on the second Business Day immediately preceding the third Wednesday of the contract month. If the foregoing date for termination is a bank holiday in Chicago or New York City, futures trading shall terminate on the next preceding Business Day common to Chicago and New York City banks and the Exchange.

27301.H. [Reserved]

27302. SETTLEMENT PROCEDURES

27302.A. Physical Delivery

1. Procedures

In addition to the procedures and requirements contained in this chapter, delivery procedures shall be governed by the rules set forth in Chapter 7.

2. Delivery Days

Delivery shall be made on the third Wednesday of the contract month. If that day is not a Business Day in the country of delivery or is a bank holiday in either Chicago or New York City, then delivery shall be

made on the next day which is a Business Day in the country of delivery and is not a bank holiday in Chicago or New York City.

27302.B. [Reserved]

27303. [RESERVED]

(End Chapter 273)

Appendix B

CME CHAPTER 7

("DELIVERY FACILITIES AND PROCEDURES")

**(Also references CME Chapter 7 amendments pursuant to
CME Submission No. 18-348 dated August 20, 2018
effective close of business September 18, 2018))**

NON-CLS (LEGACY) CURRENCY DELIVERIES

737. FOREIGN CURRENCY BUYER'S DUTIES

Effective September 10, 2018

737.A. Currency Contracts

A clearing member representing a customer that intends to accept delivery of a foreign currency in liquidation of his net long position in that foreign currency shall, no later than 11:00 a.m. on the last day of trading, except for Turkish Lira/U.S. Dollar present to the Clearing House a Buyer's Non-CLS Delivery Commitment. Turkish Lira/U.S. Dollar commitments shall be submitted to the Clearing House within one hour following termination of trading on the last day of trading. In addition, the clearing member shall either deposit, or present a bank Order to Pay, an amount equal to the net U.S. dollar value of such customer's positions. Values for positions in contracts with minimum fluctuations denominated in U.S. dollars shall be the contract value based on the settlement price on the last day of trading. Values for positions in contracts with minimum fluctuations in foreign currency shall be the contract size. If the buyer elects to pay by deposit, the deposit shall be made by 1:00 p.m. on the first day preceding the delivery day that is a business day common to the Exchange, Chicago banks and New York City banks for all other currencies. Such deposit shall be in the form of a wire transfer of same-day funds to an account at a bank designated by the Clearing House. If the buyer elects to pay by bank Order to Pay, an Order to Pay from an Exchange-approved bank shall be presented to a bank designated by the Clearing House by 1:00 p.m. on the first day preceding the delivery day that is a business day common to the Exchange, Chicago banks and New York City banks for all other currencies. The Bank Order to Pay shall be in a form approved by the Clearing House, and shall promise to pay same-day funds on the delivery day.

Effective September 18, 2018 pursuant to CME Submission 18-348

~~737.D. Physical Delivery U.S. Dollar/ Turkish Lira~~

~~A clearing member representing a customer that intends to accept delivery of a Physical Delivery U.S. Dollar / Turkish Lira in liquidation of his position shall, no later than 10:00 a.m. Central Time (CT) on the last day of trading, present to the Clearing House a Buyer's Non-CLS Delivery Commitment for U.S. Dollar / Turkish Lira.~~

~~In addition, by 10:00 a.m. local time in the country of delivery on the delivery day, the clearing member representing a customer accepting delivery of a Physical Delivery U.S. Dollar / Turkish Lira Contract in liquidation of his position shall deposit, in same-day funds to an account at a bank designated by the Clearing House, an amount in the minimum-fluctuation currency of Turkish Lira equal to the contract value based on the applicable settlement price on the last day of trading.~~

738. FOREIGN CURRENCY SELLER'S DUTIES

Effective September 10, 2018

738.A. U.S. Dollar-Based Currency Contracts, Euro versus Polish Zloty, Hungarian Forint, Czech Koruna Cross-Rate Contracts

The clearing member representing a customer delivering foreign currency in liquidation of his net short position shall, no later than 11:00 a.m. on the last day of trading, present to the Clearing House a Seller's Non-CLS Delivery Commitment except Turkish Lira/U.S. Dollar. Turkish Lira/U.S. Dollar commitments shall be submitted to the Clearing House within one hour following termination of trading on the last day of trading.

Effective September 18, 2018 pursuant to CME Submission 18-348

738.C. Physical Delivery U.S. Dollar/ Turkish Lira

~~The clearing member representing a customer making delivery of a Physical Delivery U.S. Dollar/ Turkish Lira Contract, in liquidation of his position shall, no later than 10:00 a.m. on the last day of trading, present to the Clearing House a Seller's Non-CLS Delivery Commitment for U.S. Dollar/ Turkish Lira Contracts. In addition, by 1:00 p.m. on the first day preceding the delivery day that is a business day common to the Exchange, Chicago banks and New York City banks, the clearing member shall either deposit, or present a Bank Order to Pay, an amount equal to the trading unit of U.S. Dollars for the U.S. Dollar/ Turkish Lira Contract. Such deposit shall be in the form of same-day funds to an account at a bank designated by the Clearing House. The Bank Order to Pay shall be in a form approved by the Clearing House, and shall promise to pay same-day funds on the delivery day. The Seller shall have made all provisions necessary to receive delivery of the minimum fluctuation currency (Turkish Lira) within the country of issuance. The Seller's clearing member shall be responsible for delivering the trading unit currency (U.S. Dollars) on the delivery date to a bank designated by the Clearing House. The Exchange reserves the right to eliminate the requirement for sellers to post a Bank Order to Pay in the event that such requirement is no longer deemed necessary to secure the delivery.~~

~~Subject to the preceding two paragraphs, if the Seller's Non-CLS Delivery Commitment for U.S. Dollar/ Turkish Lira Contracts is received later than 10:00 a.m. on the last day of trading, but not later than 1:00 p.m. on the same day, the seller's clearing member shall be assessed a fine on a per contract basis, the amount to be determined by Exchange staff. Any deliveries memoranda or instructions received subsequent to 1:00 p.m. on the same day, shall be deemed a delivery obligation failure and acted upon in accordance with Rule 743.B.~~

740. PAYMENTS

The Clearing House shall designate a bank in each foreign country into which foreign currency shall be delivered. These banks shall notify the Clearing House when foreign currency funds have been received. In the case of Currency Contracts, the foreign currency delivery for each customer shall equal the net short value of positions in that foreign currency. Values for positions in contracts with minimum fluctuations denominated in U.S. dollars shall be the contract size. Values for positions in contracts with minimum fluctuations in foreign currency shall be the contract value based on the settlement price on the last day of trading. In the case of Currency Contracts, the Clearing House shall, promptly after receipt of notification that foreign currency funds have been received, transfer the U.S. dollar funds previously deposited by the foreign currency buyer's clearing member to the account of the foreign currency seller's clearing member.

Effective September 18, 2018 pursuant to CME Submission 18-348

~~For the U.S. Dollar/ Turkish Lira Contract, the Clearing House shall designate a bank in the U.S. into which the trading unit currency (U.S. Dollars) shall be delivered. These banks shall notify the Clearing House when the trading unit currency funds have been received. In the case of this Currency Contract, the U.S. Dollar delivery for each selling customer shall equal the net short value of positions in those currencies. Values for buyer's positions in contracts with minimum fluctuations in Turkish Lira shall be the contract value based on the settlement price on the last day of trading (settlement price times contract size per contract). In the case of U.S. Dollar/ Turkish Lira, the Clearing House shall, promptly after receipt of notification that Turkish Lira funds have been received, transfer the U.S. dollar funds, respectively, that were previously deposited by the seller's clearing member to the account of the buyer's clearing member.~~

742. DELIVERY NETTING

Effective September 10, 2018

742.B. Non-CLS Delivered Currency Futures Contracts

To facilitate spread trading between currency products where positions held to termination create offsetting currency payment obligations, the Clearing House may net to the extent possible physical delivery payment obligations by clearing member customer by currency, in accordance with the procedures outlined in the Clearing House Manual of Operations. Clearing members desiring netting of obligations may only net payment obligations that arise from positions belonging to the same beneficial account owner, and shall be required to submit a Delivery Netting Request form, which identifies the final positions and net currency payments of a customer requesting delivery netting, to the Clearing House by 11:00 a.m. on the last day of trading. For U.S. Dollar/ Canadian Dollar, E-micro U.S. Dollar/Canadian Dollar, or U.S. Dollar/ Turkish Lira Contracts only, such Delivery Netting Request form shall be submitted to the Clearing House by 10:00 a.m. on the last day of trading. For Turkish Lira / U.S. Dollar Contracts such Delivery Netting Request form shall be submitted to the Clearing House no later than one hour following the termination of trading on the last day of trading. Clearing members may also net delivery obligations within a given currency following the last day of trading in such eligible currency product, except for U.S. Dollar/ Canadian Dollar, E-micro U.S. Dollar/Canadian Dollar, Turkish Lira / U.S. Dollar or U.S. Dollar/ Turkish Lira Contracts. Clearing members may net delivery obligations across all accounts belonging to the same beneficial account owner.

Clearing members are prohibited from netting open positions across customer accounts while a currency contract remains eligible for trading on the Exchange.

Clearing members shall be required to submit a Delivery Netting Request, which identifies the final positions and net currency delivery obligations to the Clearing House by 11:00 a.m. (10:00 a.m. for U.S. Dollar/ Canadian Dollar, E-micro U.S. Dollar/Canadian Dollar, or U.S. Dollar/ Turkish Lira Contracts and no later than one hour following the termination of trading for the Turkish Lira / U.S. Dollar Contracts), on the last day of trading, in accordance with the procedures outlined in the Clearing House Manual of Operations.

742. DELIVERY NETTING

Effective September 18, 2018 pursuant to CME Submission 18-348

742.B. Non-CLS Delivered Currency Futures Contracts

To facilitate spread trading between currency products where positions held to termination create offsetting currency payment obligations, the Clearing House may net to the extent possible physical delivery payment obligations by clearing member customer by currency, in accordance with the procedures outlined in the Clearing House Manual of Operations. Clearing members desiring netting of obligations may only net payment obligations that arise from positions belonging to the same beneficial account owner, and shall be required to submit a Delivery Netting Request form, which identifies the final positions and net currency payments of a customer requesting delivery netting, to the Clearing House by 11:00 a.m. on the last day of trading. For U.S. Dollar/ Canadian Dollar, or E-micro U.S. Dollar/Canadian Dollar, ~~or U.S. Dollar/ Turkish Lira~~ Contracts only, such Delivery Netting Request form shall be submitted to the Clearing House by 10:00 a.m. on the last day of trading. For Turkish Lira / U.S. Dollar Contracts such Delivery Netting Request form shall be submitted to the Clearing House no later than one hour following the termination of trading on the last day of trading.

Clearing members may also net delivery obligations within a given currency following the last day of trading in such eligible currency product, except for U.S. Dollar/ Canadian Dollar, E-micro U.S. Dollar/Canadian Dollar, or Turkish Lira / U.S. Dollar ~~or U.S. Dollar/ Turkish Lira~~ Contracts. Clearing members may net delivery obligations across all accounts belonging to the same beneficial account owner.

Clearing members are prohibited from netting open positions across customer accounts while a currency contract remains eligible for trading on the Exchange.

Clearing members shall be required to submit a Delivery Netting Request, which identifies the final positions and net currency delivery obligations to the Clearing House by 11:00 a.m. (10:00 a.m. for U.S. Dollar/ Canadian Dollar, or E-micro U.S. Dollar/Canadian Dollar, ~~or U.S. Dollar/ Turkish Lira~~ Contracts and no later than one hour following the termination of trading for the Turkish Lira / U.S. Dollar Contracts), on the last day of trading, in accordance with the procedures outlined in the Clearing House Manual of Operations.

Appendix C

**CME Rulebook Chapter 5
Interpretations and Special Notices Relating to Chapter 5 –
Position Limit, Position Accountability, and Reportable Level Table**

(attached under separate cover)

Appendix D

CME Rulebook Chapter 5 ("Trading Qualifications and Practices" Rule 588.H. ("Globex Non-Reviewable Trading Ranges") Table

(Additions are underlined.)

Outright					Spreads	
Instrument Name	Globex Symbol	Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Ticks	NRR: Globex Format	NRR: Minimum Outright Ticks
<u>Turkish Lira/US Dollar (TRY/USD) Futures</u>	<u>TRL</u>	<u>500 points</u>	<u>500</u>	<u>100</u>	<u>125</u>	<u>125</u>

Appendix E

CME Rulebook Chapter 5 Interpretations and Special Notices Relating to Chapter 5 – Special Price Fluctuation Limits and Daily Price Limits Table

(Additions are underlined.)

Product	Rulebook Chapter	Commodity Code	Primary/ Associated	Associated With	Base in Real Economic Value	Level 1	Level 2	Level 3	Level 4	Level 5
<u>Turkish Lira/US Dollar (TRY/USD) Futures</u>	<u>273</u>	<u>TRL</u>	<u>Primary</u>	<u>Primary</u>	<u>5000 points</u>	<u>5000</u>	<u>10000</u>	<u>15000</u>	<u>20000</u>	<u>No Limi</u>

Appendix F

Cash Market Overview and Analysis of Deliverable Supply

Currency Background

The Turkish lira is the national currency of the Republic of Turkey. According to the 2016 (and most recent) Triennial Central Bank Survey conducted by the Bank for International Settlements, the Turkish lira is the 16th most traded currency in the world and the sixth most traded currency in Europe.¹ Average daily volume in Turkish lira spot transactions, outright forwards, foreign exchange swaps, currency swaps, and FX options was 73 billion US dollars in 2016. Although the Turkish lira is a freely convertible currency, it is not part of the CLS global cash settlement system, an international payment versus payment settlement service that mitigates settlement risk for foreign currency transactions of its settlement members and their customers through central bank accounts.

Recommendation and Analysis

- ***Spot Month Contract Position Limits / Accountability***

The Exchange proposes a spot month position limit of 2,000 contracts for the new TRY/USD futures during the last seven trading days of an expiring futures contract. The notional value of this limit averaged 0.5% of Turkish M1 between June 2015 and May 2018. This proposed threshold is the same spot month position limit for the extant USD/TRY futures that will be replaced by the new TRY/USD futures and is well below the one percent threshold of Turkish M1 money supply.

- ***Single Month Contract Position Limits / Accountability***

The Exchange proposes a single month position accountability of 6,000 contracts for the new TRY/USD futures. The notional value of this accountability level averaged 1.6% of Turkish M1 between June 2015 and May 2018. This proposed threshold is the same single month position accountability level for the extant USD/TRY futures that will be replaced by the new TRY/USD futures. Although slightly above the one percent threshold of Turkish M1 money supply, this percentage level implies a single month position accountability threshold of 5,000 contracts, which is only 1,000-contracts below our recommendation. This percentage threshold has been trending steadily downward since January 2010 and thus should not be a market regulatory concern.

- ***All Months Contract Position Limits / Accountability***

The Exchange proposes an all months position accountability of 6,000 contracts for the new TRY/USD futures. The notional value of this accountability level averaged 1.6% of Turkish M1 between June 2015 and May 2018. This proposed threshold is the same all months position accountability level for the extant USD/TRY futures that will be replaced by the new TRY/USD futures. Although slightly below the two percent threshold of Turkish M1 money supply, this percentage level implies an all months position accountability threshold of 10,000 contracts, which is 4,000-contracts above our recommendation. This percentage threshold has also been trending steadily downward since January 2010 and thus should not be a market regulatory issue.

- ***Reportable Limits***

The Exchange proposes reportable limits at 25 contracts.

¹ See **2016 Triennial Central Bank Survey**, Bank for International Settlements, Table 5, Page 13, <https://www.bis.org/publ/rpfx16fx.pdf>.

As a basis for providing a uniform and methodical analysis for determining position limits/accountability for the new TRY/USD futures, the Exchange has adopted three metrics to frame our analysis quantitatively.

First, the deliverable grade for the new TRY/USD futures is defined as equal to the M1 money supply of the Republic of Turkey. In general terms, Turkish M1 money supply consists of currency in circulation plus demand deposits, such as checking and savings accounts. Turkish M1 is the narrowest and most conservative definition of Turkey's deliverable currency stock available on a spot market basis. Turkish M1 data is readily available from the economic database of the Federal Reserve Bank of St. Louis ("FRED").²

Second, the Exchange recommends spot and single month position limits and/or accountability for the new TRY/USD futures equal one percent of Turkish M1 money supply, rounded to the nearest 5,000-contract increment. The Exchange believe one percent is a reasonable level since it is well below the 25 percent maximum threshold of estimated deliverable supply that the Commodity Futures Trading Commission ("CFTC") stipulates for determining the speculative spot month limits of a futures contract as codified in Part 150 of the Commodity Exchange Act.

Third, the Exchange recommends all months position limits and/or accountability for the new TRY/USD futures equal two percent of Turkish M1 money supply, rounded to the nearest 5,000-contract increment. Again, the Exchange believe two percent is a conservative level as it is substantially below the CFTC's 25 percent maximum threshold for determining speculative limits.

Lastly, the Exchange recommend a reportable position limit of 25 contracts for the new TRY/USD futures as Exchange protocol typically sets such limits for any new currency futures at 25 contracts.

Exhibit 1 summarizes Turkish M1 money supply on a monthly basis between June 2015 and May 2018. During this three-year period, Turkish M1 increased by 73.1 percent to 493.2 billion Turkish lira.

² See <https://fred.stlouisfed.org/series/MANMM101TRM189S>.

Exhibit 1 Cash Market Analysis for the Turkish Lira/U.S. Dollar (TRY/USD) Futures Contract

	Spot Month (during the last seven trading days of an expiring futures contract)						Single Month Position Accountability					All Month Position Accountability					
	Turkish M1* Money Supply (TRL)	Contract Size (TRL)	Proposed Contract Position Limit	Value of Limit Level (TRL)	% of M1	1.0% Rounded to Nearest 5,000 Contracts	Proposed Contract Position Accountability	Value of Limit Level (TRL)	% of M1	1.0% Rounded to Nearest 5,000 Contracts	Proposed Contract Position Accountability	Value of Limit Level (TRL)	% of M1	2.0% Rounded to Nearest 5,000 Contracts			
June 2015	284,942,745,264	1,000,000	2,000	2,000,000,000	0.7%	2,849	5,000	6,000	6,000,000,000	2.1%	2,849	5,000	6,000	6,000,000,000	2.1%	5,699	5,000
July 2015	291,656,274,977	1,000,000	2,000	2,000,000,000	0.7%	2,917	5,000	6,000	6,000,000,000	2.1%	2,917	5,000	6,000	6,000,000,000	2.1%	5,833	5,000
August 2015	296,393,288,273	1,000,000	2,000	2,000,000,000	0.7%	2,964	5,000	6,000	6,000,000,000	2.0%	2,964	5,000	6,000	6,000,000,000	2.0%	5,928	5,000
September 2015	308,246,728,667	1,000,000	2,000	2,000,000,000	0.6%	3,082	5,000	6,000	6,000,000,000	1.9%	3,082	5,000	6,000	6,000,000,000	1.9%	6,165	5,000
October 2015	309,066,948,009	1,000,000	2,000	2,000,000,000	0.6%	3,091	5,000	6,000	6,000,000,000	1.9%	3,091	5,000	6,000	6,000,000,000	1.9%	6,181	5,000
November 2015	309,046,734,985	1,000,000	2,000	2,000,000,000	0.6%	3,090	5,000	6,000	6,000,000,000	1.9%	3,090	5,000	6,000	6,000,000,000	1.9%	6,181	5,000
December 2015	304,756,814,065	1,000,000	2,000	2,000,000,000	0.7%	3,048	5,000	6,000	6,000,000,000	2.0%	3,048	5,000	6,000	6,000,000,000	2.0%	6,095	5,000
January 2016	314,503,290,595	1,000,000	2,000	2,000,000,000	0.6%	3,145	5,000	6,000	6,000,000,000	1.9%	3,145	5,000	6,000	6,000,000,000	1.9%	6,290	5,000
February 2016	320,145,211,830	1,000,000	2,000	2,000,000,000	0.6%	3,201	5,000	6,000	6,000,000,000	1.9%	3,201	5,000	6,000	6,000,000,000	1.9%	6,403	5,000
March 2016	319,606,059,872	1,000,000	2,000	2,000,000,000	0.6%	3,196	5,000	6,000	6,000,000,000	1.9%	3,196	5,000	6,000	6,000,000,000	1.9%	6,392	5,000
April 2016	323,721,769,249	1,000,000	2,000	2,000,000,000	0.6%	3,237	5,000	6,000	6,000,000,000	1.9%	3,237	5,000	6,000	6,000,000,000	1.9%	6,474	5,000
May 2016	325,783,151,076	1,000,000	2,000	2,000,000,000	0.6%	3,258	5,000	6,000	6,000,000,000	1.8%	3,258	5,000	6,000	6,000,000,000	1.8%	6,516	5,000
June 2016	336,692,512,492	1,000,000	2,000	2,000,000,000	0.6%	3,367	5,000	6,000	6,000,000,000	1.8%	3,367	5,000	6,000	6,000,000,000	1.8%	6,734	5,000
July 2016	342,269,649,456	1,000,000	2,000	2,000,000,000	0.6%	3,423	5,000	6,000	6,000,000,000	1.8%	3,423	5,000	6,000	6,000,000,000	1.8%	6,845	5,000
August 2016	340,022,288,789	1,000,000	2,000	2,000,000,000	0.6%	3,400	5,000	6,000	6,000,000,000	1.8%	3,400	5,000	6,000	6,000,000,000	1.8%	6,800	5,000
September 2016	337,255,838,709	1,000,000	2,000	2,000,000,000	0.6%	3,373	5,000	6,000	6,000,000,000	1.8%	3,373	5,000	6,000	6,000,000,000	1.8%	6,745	5,000
October 2016	350,161,491,658	1,000,000	2,000	2,000,000,000	0.6%	3,502	5,000	6,000	6,000,000,000	1.7%	3,502	5,000	6,000	6,000,000,000	1.7%	7,003	5,000
November 2016	362,981,341,990	1,000,000	2,000	2,000,000,000	0.6%	3,630	5,000	6,000	6,000,000,000	1.7%	3,630	5,000	6,000	6,000,000,000	1.7%	7,260	5,000
December 2016	375,624,097,404	1,000,000	2,000	2,000,000,000	0.5%	3,756	5,000	6,000	6,000,000,000	1.6%	3,756	5,000	6,000	6,000,000,000	1.6%	7,512	10,000
January 2017	383,830,693,899	1,000,000	2,000	2,000,000,000	0.5%	3,838	5,000	6,000	6,000,000,000	1.6%	3,838	5,000	6,000	6,000,000,000	1.6%	7,677	10,000
February 2017	387,949,289,442	1,000,000	2,000	2,000,000,000	0.5%	3,879	5,000	6,000	6,000,000,000	1.5%	3,879	5,000	6,000	6,000,000,000	1.5%	7,759	10,000
March 2017	402,926,458,082	1,000,000	2,000	2,000,000,000	0.5%	4,029	5,000	6,000	6,000,000,000	1.5%	4,029	5,000	6,000	6,000,000,000	1.5%	8,059	10,000
April 2017	422,728,142,255	1,000,000	2,000	2,000,000,000	0.5%	4,227	5,000	6,000	6,000,000,000	1.4%	4,227	5,000	6,000	6,000,000,000	1.4%	8,455	10,000
May 2017	417,207,392,152	1,000,000	2,000	2,000,000,000	0.5%	4,172	5,000	6,000	6,000,000,000	1.4%	4,172	5,000	6,000	6,000,000,000	1.4%	8,344	10,000
June 2017	412,663,189,293	1,000,000	2,000	2,000,000,000	0.5%	4,127	5,000	6,000	6,000,000,000	1.5%	4,127	5,000	6,000	6,000,000,000	1.5%	8,253	10,000
July 2017	415,751,189,128	1,000,000	2,000	2,000,000,000	0.5%	4,158	5,000	6,000	6,000,000,000	1.4%	4,158	5,000	6,000	6,000,000,000	1.4%	8,315	10,000
August 2017	429,144,215,344	1,000,000	2,000	2,000,000,000	0.5%	4,291	5,000	6,000	6,000,000,000	1.4%	4,291	5,000	6,000	6,000,000,000	1.4%	8,583	10,000
September 2017	422,829,973,588	1,000,000	2,000	2,000,000,000	0.5%	4,228	5,000	6,000	6,000,000,000	1.4%	4,228	5,000	6,000	6,000,000,000	1.4%	8,457	10,000
October 2017	436,393,102,015	1,000,000	2,000	2,000,000,000	0.5%	4,364	5,000	6,000	6,000,000,000	1.4%	4,364	5,000	6,000	6,000,000,000	1.4%	8,728	10,000
November 2017	442,159,590,085	1,000,000	2,000	2,000,000,000	0.5%	4,422	5,000	6,000	6,000,000,000	1.4%	4,422	5,000	6,000	6,000,000,000	1.4%	8,843	10,000
December 2017	442,941,695,825	1,000,000	2,000	2,000,000,000	0.5%	4,429	5,000	6,000	6,000,000,000	1.4%	4,429	5,000	6,000	6,000,000,000	1.4%	8,859	10,000
January 2018	436,039,549,211	1,000,000	2,000	2,000,000,000	0.5%	4,360	5,000	6,000	6,000,000,000	1.4%	4,360	5,000	6,000	6,000,000,000	1.4%	8,721	10,000
February 2018	448,924,700,225	1,000,000	2,000	2,000,000,000	0.4%	4,489	5,000	6,000	6,000,000,000	1.3%	4,489	5,000	6,000	6,000,000,000	1.3%	8,978	10,000
March 2018	451,900,672,858	1,000,000	2,000	2,000,000,000	0.4%	4,519	5,000	6,000	6,000,000,000	1.3%	4,519	5,000	6,000	6,000,000,000	1.3%	9,038	10,000
April 2018	459,111,858,524	1,000,000	2,000	2,000,000,000	0.4%	4,591	5,000	6,000	6,000,000,000	1.3%	4,591	5,000	6,000	6,000,000,000	1.3%	9,182	10,000
May 2018	493,232,298,739	1,000,000	2,000	2,000,000,000	0.4%	4,932	5,000	6,000	6,000,000,000	1.2%	4,932	5,000	6,000	6,000,000,000	1.2%	9,865	10,000

Over Last 36 Months																	
Average:	373,850,284,667																
Maximum:	493,232,298,739																
Minimum:	284,942,745,264																
Growth Rate:	73.1%																

Source: Federal Reserve Bank of St. Louis.

*M1 money supply is currency in circulation plus demand deposits.

Proposal	Spot Month						Single Month					All Months					
	Turkish M1* Money Supply (TRL)	Contract Size (TRL)	Proposed Contract Position Limit	Value of Limit Level (TRL)	% of M1	1.0% Rounded to Nearest 5,000 Contracts	Proposed Contract Position Accountability	Value of Limit Level (TRL)	% of M1	1.0% Rounded to Nearest 5,000 Contracts	Proposed Contract Position Accountability	Value of Limit Level (TRL)	% of M1	2.0% Rounded to Nearest 5,000 Contracts			
	493,232,298,739	1,000,000	2,000	2,000,000,000	0.41%	4,932	5,000	6,000	6,000,000,000	0	4,932	5,000	6,000	6,000,000,000	1.22%	9,865	10,000

Appendix G
Exchange Fees per Side per Contract for CME Turkish Lira/U.S. Dollar Futures

Membership Type	Venue / Transaction Type	Exchange Fee
Individual Members Clearing Equity Member Firms Rule 106.J Equity Member Firms & Rule 106.J Qualified Subsidiaries Rule 106.I Member Firms & Rule 106.I Qualified Affiliates Rule 106.S Member Approved Funds	Delivery	\$0.07
	CME Globex	\$0.32
	EFP EFR	\$0.65
	Block	\$1.07
Rule 106.D Lessees Rule 106.F Employees	Delivery	\$0.27
	CME Globex	\$0.52
	EFP EFR	\$0.68
	Block	\$1.27
Rule 106.R Electronic Corporate Member (For other than CME Globex - See Non-Members)	CME Globex	\$0.44
Rule 106.H and 106.N Firms Clearing Non-Equity Member Firms	Delivery	\$0.45
	CME Globex	\$0.44
	EFP EFR	\$0.70
	Block	\$1.45
International Incentive Program (IIP) Participants International Volume Incentive Program (IVIP) Participants (For other than CME Globex - See Non-Members)	CME Globex	\$0.54
Central Bank Incentive Program (CBIP) Participants Emerging Markets Bank Incentive Program (EMBIP) Participants Latin American Fund Manager Incentive Program (FMIP) Participants (For other than CME Globex and where N/A - See Non-Members)	CME Globex	\$1.00
CTA/Hedge Fund Incentive Program Participants (For other than CME Globex - See Non-Members)	CME Globex	Refer to Volume Discount Notes
Members Trading Outside of Division (For other than CME Globex During ETH - Non-Member rates apply)	CME Globex During ETH Only	\$0.85
Non-Members (Including: CBOE Members)	Delivery	\$0.60
	CME Globex	\$1.60
	EFP EFR Block	\$1.60

Other CME Processing Fees	Fee
106.D Lessee / 106.H Brokerage	\$0.13
106.F Employee Brokerage	\$0.13
Floor / "New" Brokerage	\$0.04
Position Adjustments / Position Transfers	\$0.10
Give-Up Surcharge	\$0.05
Facilitation Fee	\$0.40

For more information about Exchange fees please visit:
<http://www.cmegroup.com/company/files/cme-fee-schedule-2018-01-01.pdf>

Appendix H
CME Rulebook Chapter 5
(“Trading Qualifications and Practices”)
Rule 539.C. – (“Pre-Execution Communications Concerning Globex Trades”)
Crossing Protocols Table
(Includes Amendments Pursuant to CME 18-320 also effective trade date September 10, 2018)

Product Class	DCM	Product Subgroup	Committed ("C") Cross***			
			Futures		Options	
FX	CME	FX Products in Appendix	✓	40%	✓	50%
FX	CME	All FX Other Products	✓	0%	✓	50%

Appendix: Select FX Currency Futures and Options

Australian Dollar/Canadian Dollar (AUD/CAD) Cross Rate Futures
Australian Dollar/Japanese Yen (AUD/JPY) Cross Rate Futures
Australian Dollar/New Zealand Dollar (AUD/NZD) Cross Rate Futures
Canadian Dollar/Japanese Yen (CAD/JPY) Cross Rate Futures
Swiss Franc/Japanese Yen (CHF/JPY) Cross Rate Futures
Chinese Renminbi/Euro (RMB/EUR) Cross Rate Futures
Options on Chinese Renminbi/Euro (RMB/EUR) Cross Rate Futures
Chinese Renminbi/U.S. Dollar (RMB/USD) Futures
Options on Chinese Renminbi/U.S. Dollar (RMB/USD) Futures
Czech Koruna/Euro (CZK/EUR) Cross Rate Futures
Options on Czech Koruna/Euro (CZK/EUR) Cross Rate Futures
Czech Koruna/U.S. Dollar (CZK/USD) Futures
Options on Czech Koruna/U.S. Dollar (CZK/USD) Futures
Euro/Australian Dollar (EUR/AUD) Cross Rate Futures
Euro/Canadian Dollar (EUR/CAD) Cross Rate Futures
Euro/Norwegian Krone (EUR/NOK) Cross Rate Futures
Euro/Swedish Krona (EUR/SEK) Cross Rate Futures
British Pound Sterling/Swiss Franc (GBP/CHF) Cross Rate Futures
British Pound Sterling/Japanese Yen (GBP/JPY) Cross Rate Futures
Hungarian Forint/Euro (HUF/EUR) Cross Rate Futures
Options on Hungarian Forint/Euro (HUF/EUR) Cross Rate Futures
Hungarian Forint/U.S. Dollar (HUF/USD) Futures
Options on Hungarian Forint/U.S. Dollar (HUF/USD) Futures
Israeli Shekel/U.S. Dollar (ILS/USD) Futures
Options on Israeli Shekel/U.S. Dollar (ILS/USD) Futures
Indian Rupee/U.S. Dollar (INR/USD) Futures
Korean Won/U.S. Dollar (KRW/USD) Futures
Options on Korean Won/U.S. Dollar (KRW/USD) Futures
Norwegian Krone/U.S. Dollar (NOK/USD) Futures
Polish Zloty/Euro (PLN/EUR) Cross Rate Futures
Options on Polish Zloty/Euro (PLN/EUR) Cross Rate Futures
Polish Zloty/U.S. Dollar (PLN/USD) Futures
Options on Polish Zloty/U.S. Dollar (PLN/USD) Futures
Swedish Krona/U.S. Dollar (SEK/USD) Futures
U.S. Dollar/Chilean Peso (USD/CLP) Futures
U.S. Dollar/Offshore Chinese Renminbi (USD/RMB) Futures
U.S. Dollar/South African Rand (USD/ZAR) Futures
Turkish Lira/U.S. Dollar (TRY/USD) Futures