SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested ☐

Registered Entity Identifier Code (optional): 14-361

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

Filing as a: ☒ DCM   ☐ SEF   ☐ DCO   ☐ SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): September 30, 2014   Filing Description: Notification Regarding the Reduction of USD Denominated Ibovespa Futures Minimum Price Fluctuation and Basis Trade at Index Close ("BTIC") Eligibility

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

☐	Certification	§ 40.6(a)
☐	Approval	§ 40.5(a)
☐	Notification	§ 40.6(d)
☐	Advance Notice of SIDCO Rule Change	§ 40.10(a)
☐	SIDCO Emergency Rule Change	§ 40.10(h)

Rule Numbers:

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

☐	Certification	§ 40.2(a)
☐	Certification Security Futures	§ 41.23(a)
☐	Certification Swap Class	§ 40.2(d)
☐	Approval	§ 40.3(a)
☐	Approval Security Futures	§ 41.23(b)
☐	Novel Derivative Product Notification	§ 40.12(a)
☐	Swap Submission	§ 39.5

Official Product Name:

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

☒	Certification	§ 40.6(a)
☐	Certification Made Available to Trade Determination	§ 40.6(a)
☐	Certification Security Futures	§ 41.24(a)
☐	Delisting (No Open Interest)	§ 40.6(a)
☐	Approval	§ 40.5(a)
☐	Approval Made Available to Trade Determination	§ 40.5(a)
☐	Approval Security Futures	§ 41.24(c)
☐	Approval Amendments to enumerated agricultural products	§ 40.4(a), § 40.5(a)
☐	"Non-Material Agricultural Rule Change"	§ 40.4(b)(5)
☐	Notification	§ 40.6(d)

Official Name(s) of Product(s) Affected: USD Denominated Ibovespa Futures

Rule Numbers: CME Chapter 354

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

September 30, 2014

VIA ELECTRONIC PORTAL

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. Notification Regarding Reduction of Minimum Price Fluctuation and Addition of Basis Trade at Index Close ("BTIC") Eligibility for the USD Denominated Ibovespa Futures Contract.
> CME Submission No. 14-361

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying amendments to reduce the minimum price fluctuation for USD Denominated Ibovespa futures. In addition, the Exchange is self-certifying amendments to CME Rulebook Chapter 354 to permit Basis Trade at Index Close ("BTIC") block trades for the USD Denominated Ibovespa futures contract. These amendments shall be effective on Sunday, October 19, 2014 for trade date Monday, October 20, 2014.

Currently, CME rules allow for a 25 index point minimum price fluctuation for USD Denominated Ibovespa futures.   The rule amendment will allow for a 5 index point minimum price fluctuation for USD Denominated Ibovespa futures. Feedback from multiple customers suggests that the current 25 index point minimum price fluctuation is too large, and that a smaller minimum price fluctuation would encourage a higher level of market participation in the USD Denominated Ibovespa futures contract.

Block trades on USD Denominated Ibovespa futures are currently permitted at a minimum threshold of 50 contracts. The 50 contract minimum threshold level will also be applicable to USD Denominated Ibovespa BTIC block trades.

The revised rules will pertain to the USD Denominated Ibovespa futures as cited in the following table:

Stock Index Products	Rulebook Chapter	Commodity Code
USD Denominated Ibovespa futures	CME 354	IBV IBV = Clearing
USD Denominated Ibovespa futures BTIC	CME 354	IBB

Market participants will be alerted to the change in the minimum price fluctuation and the BTIC block trade eligibility for USD Denominated Ibovespa futures via Special Executive Report ("SER") and via other appropriate customer communications. The rule amendments are provided in blackline format in Appendix A.

Pursuant to Commission Regulation 40.6(a), the Exchange will self-certify the issuance of a Market Regulation Advisory Notice ("MRAN") to reflect the changes necessary to permit BTIC block trading for USD Denominated Ibovespa futures in CME/CBOT Submission No 14-414.

The Research Department and the Legal Department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act"). During the review, we have identified that the modifications may have some bearing on the following Core Principles:

> Availability of General Information: The Exchange will publish a SER outlining the changes to the minimum price fluctuations for USD Denominated Ibovespa futures and BTIC Block Trade eligibility. The SER will be posted on the Exchange's website.

> Daily Publication of Trading Information: The Exchange shall make public daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded contracts on the contract market.

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

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 require any additional information, please contact the undersigned at (212) 299-2200 or via e-mail at Christopher.Bowen@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Appendix A – CME Rules 35402.C., 35402.I., 35406.A., 35406.B., 35406.C., 35406.D., and 35406.E. (blackline format)

Appendix A

CME Rules

(Additions are <u>underlined</u>; Deletions are [bracketed] and ~~overstruck~~)

Chapter 354
USD Denominated Ibovespa Futures

35400. **SCOPE OF CHAPTER**

This chapter is limited in application to Bovespa Index ("Ibovespa") futures. In addition to this chapter, Ibovespa futures shall be subject to the general rules and regulations of the Exchange as applicable.

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

35401. **CONTRACT SPECIFICATIONS**

Each USD Denominated Ibovespa futures contract shall be valued at $1.00 times the Ibovespa.

35402. **TRADING SPECIFICATIONS**

35402.A. **Trading Schedule**

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

35402.B. **Trading Unit**

The unit of trading shall be 1.00 USD times the Ibovespa.

35402.C. **Price Increments[1]**

Bids and offers shall be quoted in terms of the USD Denominated Ibovespa. The minimum fluctuation of the futures contract shall be [~~25~~] <u>5</u> index points, equivalent to [~~25~~] <u>5</u> USD per contract.

35402.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.

35402.E. **[Reserved]**

35402.F. **[Reserved]**

35402.G. **Termination of Trading**

---

[1] <u>See Rule **35406.C. (BTIC Orders Minimum Price Increment)** for information on the minimum price increment or Tick Size for BTIC Transactions. BTIC trades that are completed are based on the closing stock index value, and will be cleared in price increments of 0.01 index points, because the underlying stock price index is reported to a two decimal place level of precision.</u>

Futures trading shall terminate at the same time as the close of trading at BM&FBovespa ("BVMF") on the day of determination of the Final Settlement Price. The last trading day for USD Denominated Ibovespa Futures is the Wednesday closest to the 15th calendar day of the contract month. If it is a non-trading day at BVMF, the last trading day shall be the next BVMF trading day.

35402.H.   [Reserved]

35402.I.   Price Limits, Trading Halts, and/or Trading Hours

For purposes of rules determining price limits and trading halts ETH refers to the Electronic Trading Hours of the USD Denominated Ibovespa Futures. At the open of ETH, there shall be price limits corresponding to a 10.0% increase above and a 10.0% decrease below the previous day's Ibovespa futures settlement price at BVMF.

USD Denominated Ibovespa futures price limits shall be calculated daily at the end of each ETH trading day based on the settlement price of Ibovespa futures ("F") at BVMF, as follows:

where:

F = Ibovespa futures daily settlement price at BVMF

L = 10% × F

| 10.0% Price Limits | equal | F plus and minus L, or (F ± L), subject to rounding as follows: |

If the lower price limit (F − L) is not evenly divisible by [25] 5, then the lower price limit shall be rounded up to the nearest [25] 5 point increment. If the upper price limit (F + L) is not evenly divisible by [25] 5, then the upper price limit shall be rounded down to the nearest 25 point increment.

If there is no trading in Ibovespa futures at BVMF on a CME, Inc. trading day, then the price limits for USD Denominated Ibovepsa futures shall be the trading limits based on the settlement price for Ibovespa futures at BVMF during the most recent BVMF trading day.

Price limits and trading halts do not apply to the expiring USD Denominated Ibovespa futures contract during the last three trading days of the contract.

35403.   SETTLEMENT PROCEDURES

Delivery under the USD Denominated Ibovespa Futures contract shall be by cash settlement.

35403.A.   Final Settlement Price

The Final Settlement Price shall be based on the final settlement price of Ibovespa futures at BVMF.

35403.B.   Final Settlement

Clearing members holding open positions in USD Denominated Ibovespa futures contracts at the time of termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

35404.   [RESERVED]

35405. [~~06.~~] [RESERVED]

35406.   **BASIS TRADE AT INDEX CLOSE ("BTIC") TRANSACTIONS**

A Basis Trade at Index Close ("BTIC") Transaction is a futures transaction on the USD Denominated Ibovespa futures contract that is priced with reference to the BVMF Bovespa Index (Ibovespa) cash index close price for the specific index.

The futures price assigned to a BTIC Transaction shall be based on the current day's Ibovespa cash index close price, or the current day's Ibovepsa cash index close price adjusted by any valid price increment (the "Basis") higher or lower than the applicable Ibovespa cash index close price. The Basis must be fair and reasonable, taking into account financing rates, expected dividend income, time remaining until the Equity Index futures contract expiration and any of the factors set forth in Rule 526.D., as applicable.

35406.A.   BTIC Block Trade Requirements

BTIC Transactions USD Denominated Ibovespa futures may be executed as block trades pursuant to the requirements of Rule 526. Both the block trade quantity and the valid price increment (the "Basis") for BTIC block trades must be reported within five minutes of the agreement of the parties to execute the trade in accordance with Rule 526.F.

In addition to complying with the reporting requirements set forth above, BTIC block trades for BTIC–eligible Equity Index futures must be reported to the Exchange at least 10 minutes prior to the scheduled close of the underlying primary securities market to establish the BTIC futures price on the current Trading Day. The BTIC futures price for BTIC-eligible Equity Index futures orders that are not reported to the Exchange at least 10 minutes prior to the scheduled close of the underlying primary securities market shall be based on the index close price for the next available Trading Day for the primary securities market.

35406.B.   Price Assignment Procedure for BTIC Futures

The futures price of a BTIC Transaction will be determined by the Exchange at 3:45 p.m. Central time and the Exchange determined price will be deemed final at that time. In the event of an early scheduled close of the primary securities market, the futures price of a BTIC Transaction will be determined by the Exchange 45 minutes after the early scheduled close time for the primary securities market and the Exchange determined price will be deemed final at that time.

If a BTIC-eligible USD Denominated Ibovespa futures block trade order would result in a futures price that would be greater than or less than the respective USD Denominated Ibovespa futures 10% Price Limits, the block trade order shall be cancelled.

35406.C.   BTIC Orders Minimum Price Increment

(Refer to Rule 35401.- Contract Specifications —Minimum Price Increment or Tick Size). The valid Basis or Price Increment applied to the index close price to establish the BTIC futures price must be stated in full tick increments, e.g. five (5) index points for all USD Denominated Ibovespa futures.

35406.D.   BTIC Orders Prohibited on Last Day of Trading

BTIC orders for BTIC-eligible Equity Index futures may not be initiated on the last day of trading in an expiring contract.

35406.E.   Market Disruption Events

In the event of an equity market disruption in the primary securities market, a BTIC-eligible Equity Index futures block trade order shall be cancelled. Equity market disruption events

shall be declared at the sole discretion of the Exchange. Equity market disruptions may include, but are not limited to: an unscheduled early closure for the day of the primary (BM&F Bovespa) equity securities market

(End Chapter 354)