

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 16-565

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): December 14, 2016 Filing Description: Position Limit Increase for the Russian Ruble/U.S. Dollar (RUB/USD) Futures and Options 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 |

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.

December 14, 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. Notification Regarding Position Limit Increase for the Russian Ruble/U.S. Dollar (RUB/USD) Futures and Options Contracts.
CME Submission No. 16-565**

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 spot month and all months position limits for the Russian Ruble/U.S. Dollar (RUB/USD) futures and options contracts (the “Contracts”) as provided in the table below. These amendments will become effective on trade date Friday, December 30, 2016, commencing with the March 2017 contract month and beyond.

Contract Name	Rule Chapter	Clearing Code
RUB/USD Futures	260	RU
RUB/USD Options (Monthly)	260A	RU
RUB/USD Options (Weekly)	260A	RU1-5

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 is being amended to reflect the increase in the position limits for the contracts listed above (See Appendix A: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook (attached under separate cover)).

CME reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified the following Core Principles as being potentially impacted:

- **Contracts Not Readily Subject to Manipulation**: Increasing the position limits of the Contracts will not make the contracts susceptible to market manipulation. CME defines the deliverable grade for RUB/USD futures and options as equal to the M1 money supply of the Russian Federation. In general terms, Russian M1 money supply consists of currency in circulation plus demand deposits, such as checking and savings accounts. Russian M1 is the

narrowest and most conservative definition of the Russian Federation's deliverable currency stock available on a spot market basis. Money supply data on the Russian ruble is readily available from the Russian Federation. The money supply underlying RUB/USD futures and options is vast and growing. The Russian ruble is the 18th most traded currency in the world and the seventh most traded currency in Europe. According to the 2016 Triennial Central Bank Survey conducted by the Bank for International Settlements, the Russian ruble had an average daily volume of \$58 billion. Increases in the spot month and all months position limits of the Contracts will provide the market participants in Russian ruble marketplace with additional means to mitigate their risk in this market. During the three-year period between September 2013 and August 2016, Russian M1 money supply increased 21 percent to 16.8 trillion rubles. Given the size, growth, and activity in the underlying cash market for Russian rubles, CME has concluded that RUB/USD futures and options are not readily susceptible to market manipulation.

- **Position Limitations or Accountability:** CME has adopted necessary and appropriate increases in the position limits of the Contracts based on a detailed market analysis of the underlying cash market for the Russian ruble, including the size, growth, and trading activity of the Russian ruble. The Exchange has set the increased position limits at levels that are significantly below the 25 percent maximum threshold of estimated deliverable supply that the Commission stipulates for determining the speculative spot month limits of a futures contract as codified in Part 150 of the CEA.
- **Availability of General Information:** CME intends to make the increases in the position limits of the Contracts available to market authorities, market participants, and the public so that they have accurate, up-to-date information regarding the rules, regulations, and mechanisms for executing transactions in the Contracts.

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. There were no substantive opposing views to this proposal. A cash market overview and analysis of deliverable supply is attached hereto as Appendix B.

CME 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 regarding this submission, please contact me at 212-299-2200 or via e-mail at Christopher.Bowen@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments:

- Appendix A: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook (attached under separate cover)
- Appendix B: Cash Market Overview and Analysis of Deliverable Supply

Appendix A

Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook

(attached under separate cover)

Appendix B

Cash Market Overview and Analysis of Deliverable Supply

Chicago Mercantile Exchange (CME or Exchange) currently lists Russian Ruble/U.S. Dollar (RUB/USD) futures and options (the “Contracts”) on the CME Globex electronic trading platform and for submission for clearing via CME ClearPort. The options contracts are also listed for trading on the CME trading floor. CME launched RUB/USD futures and options in 1998. The Contracts are considered to be established benchmark products for the Russian ruble currency. Increased client interest in these contracts show a position limit increase for the Contracts is warranted.

Recommendation

The Exchange recommends the following:

- Increase the aggregate spot month position limit of RUB/USD futures and options from 10,000 to **20,000 contracts**.
- Increase the aggregate all months position limit of RUB/USD futures and options from 30,000 to **60,000 contracts**.
- Implement proposed recommendations on trade date Friday, December 30, 2016, starting with the March 2017 delivery month. Since we propose in all cases to increase position limits, timely implementation of these revisions is unlikely to disrupt trading in futures and options delivery months with existing open interest.

Analysis

As a basis for providing a uniform and methodical analysis of the position limits for the Contracts, we have adopted three metrics to frame our analysis quantitatively.

First, the Exchange defines the deliverable grade for the Contracts as equal to the M1 money supply of the Russian Federation. In general terms, Russian M1 money supply consists of currency in circulation plus demand deposits, such as checking and savings accounts. Russian M1 is the narrowest and most conservative definition of Russia’s deliverable currency stock available on a spot market basis. Russian M1 data is also readily available from the Central Bank of the Russian Federation.¹Second, we recommend spot month position limits for the Contracts equal to one percent of Russian M1 money supply, rounded to the nearest 5,000-contract increment. We 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 for the RUB/USD contracts equal to two percent of Russian M1 money supply, rounded to the nearest 5,000-contract increment. Again, the Exchange believes two percent is a conservative level as it is substantially below the CFTC’s 25 percent maximum threshold.

RUB/USD Futures and Options

Currency Background

The Russian ruble is the national currency of the Russian Federation. According to the 2016 Triennial Central Bank Survey conducted by the Bank for International Settlements, the Russian ruble is the 18th

¹ See <http://www.cbr.ru/eng/statistics/?PrtlId=ms&pid=dkfs&sid=dm>

most traded currency in the world and the seventh most traded currency in Europe.² BIS data show that the Russian ruble had a daily average volume of \$58 billion.³ Although the Russian ruble is a freely convertible currency, it is not part of the CLS global cash settlement system.

- **Contract Descriptions**

CME launched RUB/USD futures in April 1998 for trading in open outcry and on CME Globex. RUB/USD futures are a cash settled contract with a notional contract size of 2.5 million rubles; monthly contract listings out 5 years; and a minimum tick size of \$0.000005 per one Russian ruble (\$12.50). Trading hours are 5:00 p.m. to 4:00 p.m. Central Time/CT, Sunday through Friday, on CME Globex. Trading in expiring contracts ceases at 11:00 a.m. Moscow time on the fifteenth day of the month. RUB/USD futures are eligible for block and EFRP transactions.

Also in April 1988, CME launched a companion option contract on RUB/USD futures for trading in open outcry and on CME Globex. RUB/USD options are cash-settled contracts that exercises into one RUB/USD futures. The options feature weekly and monthly contract listings out 12 months and a minimum tick size of \$0.000005 per one Russian ruble (\$12.50). The options trade 7:20 a.m. to 2:00 p.m. CT, Monday through Friday, in open outcry and 5:00 p.m. to 4:00 p.m. CT, Sunday through Friday, on CME Globex. Trading in expiring options ceases at 11:00 a.m. Moscow time on the fifteenth day of the month. RUB/USD options are eligible for block and EEO transactions.

- **Price Reporting Agency**

After the close of trading on the last trading day, CME Clearing liquidates all open positions in the Contracts by cash settlement at a price equal to the Final Settlement Price. The CME Russian ruble/U.S. dollar futures contract Final Settlement Price is equal to the reciprocal of the “RUB MOEX (RUB05),” which is the “Russian ruble per U.S. Dollar” spot exchange rate, for settlement in one business day, reported by the Moscow Exchange (MOEX) (www.moex.com/en/fixing) as the MOEX USD/RUB FX Fixing at approximately 12:35 p.m., Moscow time rounded to six decimal places. The MOEX rate is considered the industry benchmark for the Russian ruble/U.S. dollar exchange rate. The current settlement calculation procedures, safeguards, and confirmation process of the MOEX rate is designed to insure that final cash settlement following the close of trading on the last trading day are not readily susceptible to cash market manipulation as required by CFTC Core Principle 3.

- **Cash Market Analysis**

Exhibit 1 summarizes Russian M1 money supply on a monthly basis between September 2013 and August 2016. During this three-year period, Russian M1 increased by 21 percent to 16.8 trillion rubles.

- **Spot Month Contract Position Limit**

The Contracts currently have a spot month position limit of 10,000 contracts. The notional value of this limit averaged 0.16% of Russian M1 between September 2013 and August 2016. If the spot month position limit is pegged to equal one percent of Russian M1 and then round to the nearest 5,000-contract increment, the new recommended spot month limit would be 65,000 contracts based on August 2016 data. Thus a spot month limit increase for the Contracts from 10,000 to 20,000 contracts is well within one percent of Russian M1.

² See *Triennial Central Bank Survey*, Bank for International Settlements, September 2016, table 2, page 10, <http://www.bis.org/publ/rpfx16.htm>

³ Ibid. See table 5, page 13.

- **Single Month Contract Position Limit**

The Contracts do not have single month position limits

- **All Months Contract Position Limit**

The Contracts have a current all months position limit of 30,000 contracts. The notional value of this limit averaged 0.29% of Russian M1 between September 2013 and August 2016. If the all months position limit is pegged to equal two percent of Russian M1 and then round to the nearest 5,000-contract increment, the new recommended all months limit would be 135,000 contracts based on August 2016 data. Thus the all months limit increase for RUB/USD futures and options from 20,000 to 60,000 contracts is well with two percent of Russian M1.

- **Aggregation of Position Limits**

Options positions are netted against the spot month position limit and the single and all month position accountability levels of the corresponding futures contract.

Exhibit 1: Russian Ruble Position Limit Analysis

	Spot Month					Single Month					All Months						
	Russian M1* Money Supply (RUB)	Contract Size (RUB)	Contract Position Limit	Value of Limit Level (RUB)	% of M1	1.0%	Rounded to Nearest 5,000 Contracts	Contract Position Limit	Value of Limit Level (RUB)	% of M1	1.0%	Rounded to Nearest 5,000 Contracts	Contract Position Limit	Value of Limit Level (RUB)	% of M1	2.0%	Rounded to Nearest 5,000 Contracts
September 2013	13,855,600,000,000	2,500,000	10,000	25,000,000,000	0.18%	55,422	55,000	NA	-----	-----	-----	30,000	75,000,000,000	0.54%	110,845	110,000	
October 2013	13,694,600,000,000	2,500,000	10,000	25,000,000,000	0.18%	54,778	55,000	NA	-----	-----	-----	30,000	75,000,000,000	0.55%	109,557	110,000	
November 2013	14,092,000,000,000	2,500,000	10,000	25,000,000,000	0.18%	56,368	55,000	NA	-----	-----	-----	30,000	75,000,000,000	0.53%	112,736	115,000	
December 2013	15,536,600,000,000	2,500,000	10,000	25,000,000,000	0.16%	62,146	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.48%	124,293	125,000	
January 2014	14,742,600,000,000	2,500,000	10,000	25,000,000,000	0.17%	58,970	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.51%	117,941	120,000	
February 2014	15,020,400,000,000	2,500,000	10,000	25,000,000,000	0.17%	60,082	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.50%	120,163	120,000	
March 2014	14,797,900,000,000	2,500,000	10,000	25,000,000,000	0.17%	59,192	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.51%	118,383	120,000	
April 2014	14,834,700,000,000	2,500,000	10,000	25,000,000,000	0.17%	59,339	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.51%	118,678	120,000	
May 2014	14,762,600,000,000	2,500,000	10,000	25,000,000,000	0.17%	59,050	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.51%	118,101	120,000	
June 2014	14,995,400,000,000	2,500,000	10,000	25,000,000,000	0.17%	59,982	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.50%	119,963	120,000	
July 2014	14,844,200,000,000	2,500,000	10,000	25,000,000,000	0.17%	59,377	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.51%	118,754	120,000	
August 2014	14,833,000,000,000	2,500,000	10,000	25,000,000,000	0.17%	59,332	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.51%	118,664	120,000	
September 2014	14,794,000,000,000	2,500,000	10,000	25,000,000,000	0.17%	59,176	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.51%	118,352	120,000	
October 2014	14,298,900,000,000	2,500,000	10,000	25,000,000,000	0.17%	57,196	55,000	NA	-----	-----	-----	30,000	75,000,000,000	0.52%	114,391	115,000	
November 2014	14,789,500,000,000	2,500,000	10,000	25,000,000,000	0.17%	59,158	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.51%	118,316	120,000	
December 2014	15,388,800,000,000	2,500,000	10,000	25,000,000,000	0.16%	61,555	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.49%	123,110	125,000	
January 2015	14,999,600,000,000	2,500,000	10,000	25,000,000,000	0.17%	59,998	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.50%	119,997	120,000	
February 2015	15,083,200,000,000	2,500,000	10,000	25,000,000,000	0.17%	60,333	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.50%	120,666	120,000	
March 2015	14,850,200,000,000	2,500,000	10,000	25,000,000,000	0.17%	59,401	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.51%	118,802	120,000	
April 2015	14,815,400,000,000	2,500,000	10,000	25,000,000,000	0.17%	59,262	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.51%	118,523	120,000	
May 2015	14,974,700,000,000	2,500,000	10,000	25,000,000,000	0.17%	59,899	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.50%	119,798	120,000	
June 2015	15,104,300,000,000	2,500,000	10,000	25,000,000,000	0.17%	60,417	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.50%	120,834	120,000	
July 2015	15,041,000,000,000	2,500,000	10,000	25,000,000,000	0.17%	60,164	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.50%	120,328	120,000	
August 2015	15,276,900,000,000	2,500,000	10,000	25,000,000,000	0.16%	61,108	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.49%	122,215	120,000	
September 2015	15,098,700,000,000	2,500,000	10,000	25,000,000,000	0.17%	60,395	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.50%	120,790	120,000	
October 2015	14,891,700,000,000	2,500,000	10,000	25,000,000,000	0.17%	59,567	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.50%	119,134	120,000	
November 2015	15,309,100,000,000	2,500,000	10,000	25,000,000,000	0.16%	61,236	60,000	NA	-----	-----	-----	30,000	75,000,000,000	0.49%	122,473	120,000	
December 2015	16,575,200,000,000	2,500,000	10,000	25,000,000,000	0.15%	66,301	65,000	NA	-----	-----	-----	30,000	75,000,000,000	0.45%	132,602	135,000	
January 2016	15,964,700,000,000	2,500,000	10,000	25,000,000,000	0.16%	63,859	65,000	NA	-----	-----	-----	30,000	75,000,000,000	0.47%	127,718	130,000	
February 2016	16,283,300,000,000	2,500,000	10,000	25,000,000,000	0.15%	65,133	65,000	NA	-----	-----	-----	30,000	75,000,000,000	0.46%	130,266	130,000	
March 2016	16,611,700,000,000	2,500,000	10,000	25,000,000,000	0.15%	66,447	65,000	NA	-----	-----	-----	30,000	75,000,000,000	0.45%	132,894	135,000	
April 2016	16,403,000,000,000	2,500,000	10,000	25,000,000,000	0.15%	65,812	65,000	NA	-----	-----	-----	30,000	75,000,000,000	0.46%	131,224	130,000	
May 2016	16,878,500,000,000	2,500,000	10,000	25,000,000,000	0.15%	67,514	70,000	NA	-----	-----	-----	30,000	75,000,000,000	0.44%	135,028	135,000	
June 2016	17,050,300,000,000	2,500,000	10,000	25,000,000,000	0.15%	68,201	70,000	NA	-----	-----	-----	30,000	75,000,000,000	0.44%	136,402	135,000	
July 2016	16,770,200,000,000	2,500,000	10,000	25,000,000,000	0.15%	67,081	65,000	NA	-----	-----	-----	30,000	75,000,000,000	0.45%	134,162	135,000	
August 2016	16,827,500,000,000	2,500,000	10,000	25,000,000,000	0.15%	67,310	65,000	NA	-----	-----	-----	30,000	75,000,000,000	0.45%	134,620	135,000	
Over Last 36 Months																	
Average:	15,280,277,777,778				0.16%										0.49%		
Maximum:	17,050,300,000,000				0.18%										0.55%		
Minimum:	13,694,600,000,000				0.15%										0.44%		
Growth Rate:	21.4%																

Source: CME Group and Central Bank of Russian Federation.

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