Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

February 8, 2013

VIA E-MAIL

Ms. Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

RE: Rule 40.6(a) Certification. Notification of Revisions to S&P GSCI ER Index Futures Contract and Position Limits for GSCI Futures, Options on GSCI Futures, and GSCI ER Futures
CME Submission No. 13-036

Dear Ms. Jurgens:

Pursuant to Commodity Futures Trading Commission (the "Commssion") Regulation 40.6(a), Chicago Mercantile Exchange Inc. ("CME" or the "Exchange") is self-certifying revisions to the terms and conditions of its S&P GSCI ER Index Futures contract (the "GSCI ER Contract") and the all months combined futures equivalent speculative position limits in the S&P GSCI Commodity Index Futures contract (the "GSCI Contract"), options on the GSCI Contract, and the GSCI ER Contract. The proposed effective date for the revisions is March 18, 2013.

The proposed amendment to CME Rule 41504 replaces the 100% margin requirement ("Current Margin") for certain market participants with a mark-to-market margin requirement applicable to all current and future open interest holders. CME Rule 41504 establishes the Current Margin for investment companies registered under the Investment Company Act of 1940; and investment funds, commodity pools or pooled trading vehicles offered to the public pursuant to an effective registration statement filed under the Securities Act of 1933 (the "Affected Participants"). The Current Margin prevents the GSCI ER Contract from being treated as a "regulated futures contract" under Internal Revenue Code § 1256 by the Affected Participants. GSCI ER contracts held by Affected Participants may qualify as regulated futures contracts under § 1256 once the Current Margin reverts to a standard mark-to-market margin requirement.

The proposed amendments to the position limits establish all months combined position limits at 23,600 GSCI Contracts and 59,000 GSCI ER Contracts. There is no spot month or single month position limit in either contract. A recent analysis using updated weighting variables for the component commodities of the indexes determined that positions of 23,600 GSCI Contracts and 59,000 GSCI ER Contracts could be held without exceeding non-spot single month position limits or accountability levels for any underlying index component futures contract. More information on this analysis and the component position limits/accountability levels is provided below. The analysis is based on a method previously used to set position limits in the former DJ-AIG Commodity Index and Market Regulation staff has been advised of the increased position limits and has confirmed that these changes are acceptable from their standpoint.

The S&P GSCI Index is a production weighted index, with the weights based on the amount of the commodity produced worldwide. The weights are in the same units as the underlying component futures contracts (i.e., barrels of oil or bushels of grain). In calculating the index's value, the price of each component commodity is multiplied by a production weight (CPW) and divided by the normalizing constant (NC). The CPW/NC can be thought of as a weighting factor for each commodity. The GSCI Contract has a multiplier of $250 while the GSCI ER Contract has a multiplier of $100. The weighting

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factor above must be multiplied by 250 for the GSCI Contract and 100 for the GSCI ER Contract to identify how many units of a commodity are in the futures contracts.

The product of the appropriate weighting factor and the appropriate multiplier is divided by the size of the relevant component contract to determine the number of component contracts. An example is given considering WTI crude oil:

CPW= 11,033.01
NC= 6,550.506
WTI Crude oil futures contract size =1,000 barrels

Therefore the number of WTI crude oil futures contracts in a single S&P GSCI futures contract is:
((CPW/NC)*250)/futures contract size= 0.421074

And the number of WTI crude oil futures contracts in a single S&P GSCI ER futures contract is:
((CPW/NC)*100)/futures contract size= 0.168429.

Thus it can be seen that 23,600 S&P GSCI Contracts are weighted with 9,937 WTI crude oil futures contracts (23,600*.421074), while 59,000 S&P GSCI-ER futures contracts are also weighted with 9,937 WTI crude oil futures contracts (59,000*.168429).

The listing of component weighting factors, component futures contract sizes and component futures contract single month position or accountability levels is shown below.

Commodity Components	CPW - 2013	Normalizing Constant	Multipliers: GSCI/GSCI ER	Proposed Position Limits: GSCI/GSCI ER	Contract Size	Units	Component Futures	Single Month Limit or Level
Aluminum	43.640000	6550.506	250/100	23,600/59000	25	metric tons	1,572	na
Zinc	11.120000				25	metric tons	401	na
Nickel	1.376000				6	metric tons	207	na
Lead	8.280000				25	metric tons	298	na
Copper	17.700000				25	metric tons	638	na
Gold	76.775990				100	ounces	692	*6,000*
Silver	676.451800				5000	ounces	122	*6,000*
Live Cattle	91280.080000				40000	pounds	2,055	6,300
Lean Hogs	76883.590000				40000	pounds	1,731	4,150
Feeder Cattle	14819.780000				50000	pounds	267	1,950
Corn	30371.030000				5000	bushels	5,471	33,000
Soybeans	8163.838000				5000	bushels	1,471	15,000
Wheat - CBT	19699.650000				5000	bushels	3,549	12,000
Hard Red Winter Wheat	3922.031000				5000	bushels	707	12,000
Coffee	17554.970000				37500	pounds	422	*5,000*
Cocoa	4.100944				10	metric tons	369	*6,000*
Sugar	341991.600000				112000	pounds	2,750	*10,000*
Cotton	52490.380000				50000	pounds	946	5,000
WTI Crude Oil	11033.010000				1000	barrels	9,937	*10,000*
Brent Crude Oil	8638.790000				1000	barrels	7,781	na
Heating Oil	87775.280000				42000	gallons	1,882	*5,000*
Rbob	88342.870000				42000	gallons	1,895	*5,000*
Gasoil	386.959700				100	metric tons	3,485	na
Natural gas	29450.210000				10000	Mmbtu	2,653	*6,000*
TOTAL							51,301	148,400

The Exchange's Market Regulation Department and Legal Department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, CME staff identified the following Core Principles as potentially being impacted by the revisions:

1. **CME Rule 41504—Performance Bond Requirement**

Availability of General Information. CME informed the Affected Participants of the margin change's potential tax treatment implications and obtained their written consent to the changes.

Financial Integrity of Transactions. Replacing the Current Margin with mark-to-market margining affects a limited number of highly capitalized market participants, maintains adequate financial standards and does not adversely affect the Exchange. Mark-to-market margining in the GSCI ER Contract is consistent with CME's and other DCMs' margin requirements for the component futures contracts and complies with applicable CFTC regulations. Mark-to-market margining in the GSCI ER Contract adequately protects customer assets and will have no adverse impact on the Exchange or market participants.

Execution of Transactions. The mark-to-market margin requirement reduces barriers to trading by certain market participants, which serves to increase the potential liquidity in the GSCI ER Contract. Increased liquidity enhances the price discovery process and benefits market participants.

2. **Position Limit Table—All Months Combined Speculative Position Limits for GSCI and GSCI ER Contracts**

Compliance with rules. Higher speculative position limits should not affect the exchange's ability to assure compliance with rules and conduct market surveillance obligations under the Act. The Exchange believes that it has appropriate systems, policies and procedures in place to address the new speculative position limits.

Contracts not readily subject to manipulation. The position limits being affected are consistent with the single month limits already in place for the components underlying the index. The Exchange believes the levels are appropriate given that the Commission has found that the levels in the underlying component futures contracts will not subject the markets to manipulation or excessive speculation. Further, the method of analysis used in calculating the limits for the index has been applied in prior commodity index futures contracts. Commission staff are aware of the methodology and CME's plans for its use with the GSCI and GSCI ER Contracts.

Prevention of market disruption. Increased all months combined speculative position limits will not affect market surveillance activities and all market participants trading in the GSCI and GSCI ER Contracts will continue to be monitored to avoid abuse or market disruption.

Position limits or accountability. The Exchange is adopting speculative position limits that are consistent with and do not exceed CFTC referenced contract position limits for the underlying component futures contracts.

Trade information. Increased speculative position limits will not affect the Exchange's ability to record and store identifying trade information in order to assist in the prevention of customer and market abuses.

Protection of market participants. The Exchange will continue to monitor all trading in the GSCI and GSCI ER Contracts to prevent any abusive practices and to assure equitable trading for all users.

Exhibit 1 sets forth the proposed revisions to CME Rules 41504 and the Position Limit Table at the end of CME Rule Chapter 5. The modifications appear below with additions underscored and deletions ~~overstruck~~.

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CME certifies that the amendments comply with the CEA and the regulations thereunder. No substantive opposing views regarding the proposed amendments to CME Rule 41504 or the position limits were expressed to CME.

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 regarding this submission, please contact me at 212-299-2200 or via e-mail at Christopher.Bowen@cmegroup.com, or contact John McKinlay at 312-930-3028 or via e-mail at John.McKinlay@cmegroup.com. Please reference our CME Submission No. 13-036 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachments

EXHIBIT 1

Proposed Revisions CME Rule 41504 – S&P GSCI ER Index Futures and Position Limit Table at End of CME Rule Chapter 5

Chapter 415
S&P GSCI™ ER Index Futures

41504. ~~PERFORMANCE BONDS~~[RESERVED]

~~Customers purchasing or selling S&P GSCI ER Index futures contracts shall be subject to the performance bond requirements established by the Exchange and their FCMs. However, some market participants purchasing or selling S&P GSCI ER Index futures contracts shall deposit 100% of the purchase or sale price with their long clearing member. Market participants subject to the 100% performance bond requirement shall include any market participant that is (i) an investment company registered under the Investment Company Act of 1940; or (ii) an investment fund, commodity pool, or other similar type of pooled trading vehicle (other than a pension plan or fund) that is offered to the public pursuant to an effective registration statement filed under the Securities Act of 1933, regardless of whether it is also registered under the Investment Company Act of 1940, and that has its principal place of business in the United States.~~

~~Each long clearing member carrying S&P GSCI ER Index futures contracts for customers subject to the 100% performance bond requirement ("100% margin participants") shall establish one or more accounts on its books and records in which such clearing member shall hold performance bond received from 100% margin participants in connection with S&P GSCI ER Index futures contracts, together with any settlement variation received by the clearing member with respect to the S&P GSCI ER Index futures contracts of such 100% margin participants. Except as provided in the next paragraph or with the consent of the Clearing House, assets may be withdrawn from such accounts by the clearing member only (i) to be transferred to the Clearing House to satisfy performance bond or settlement variation requirements of the clearing member with respect to S&P GSCI ER Index futures contracts held for 100% margin participants, (ii) in connection with the settlement, liquidation, transfer or close-out of such contracts, and (iii) in the case of income, dividends, interest or returns on investments or instruments held in the accounts.~~

~~Each such clearing member hereby agrees that, by carrying accounts of 100% margin participants with positions in S&P GSCI ER Index futures, such clearing member shall be deemed by these rules, and without any further action by such clearing member, to have granted to the Clearing House a security interest in and a lien on such accounts, and all securities, cash and other assets held therein from time to time and, to the extent not included in the foregoing, all proceeds, products, revenues, dividends, interest, redemptions, distributions, profits, accessions, additions, substitutions and replacements of and to any and all of the foregoing, subject to applicable laws and regulations, until withdrawn in accordance with the preceding paragraph ("Account Collateral"), to secure such clearing member's obligations to the Clearing House. Notwithstanding the foregoing, the clearing member shall enter into any agreements and execute any other instruments reasonably requested by the Clearing House in order to confirm or perfect such security interest, provided that it is understood and agreed that no such agreement or instrument shall be necessary in order to create such security interest, which shall exist solely by operation of these rules. If a clearing member is in default to the Clearing House, the clearing member shall take no further actions with respect to the Account Collateral pledged by it except upon the instruction or with the consent of the Clearing House, and the Clearing House shall be entitled to exercise the same rights and remedies with respect to such Account Collateral as it has with respect to performance bond collateral under Rules 802 and 820.~~

Amendments to CME POSITION LIMIT, POSITION ACCOUNTABILITY AND REPORTABLE LEVEL TABLE at the end of CME Rule Chapter 5, as follows (deletions ~~overstruck~~, additions underlined):

CONTRACT NAME	OPTIONS	FIRST SCALE-DOWN SPOT MONTH	SECOND SCALE-DOWN SPOT MONTH	SPOT MONTH	SINGLE MONTH	ALL MONTHS COMBINED	POSITION ACCOUNT-ABILITY	REPORT-ABLE FUTURES LEVEL	REPORT-ABLE OPTIONS LEVEL
S&P GSCI	Y					~~*18,000~~ *23,600		25	25
S&P GSCI ER						~~*45,000~~ *59,000		25	25

*Net futures equivalents (NFE) long or short