

January 30, 2014

**VIA E-MAIL**

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

**RE: CFTC Regulation 40.6(a) Certification. Notification of Amendments to CME Rule 106.I. (“Affiliate Member Firm”) and CME Rule 106.J. (“Equity Member Firm”) Regarding Required Registration for Qualified Affiliates and Subsidiaries. CME Submission No. 14-037**

Dear Ms. Jurgens:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying revisions to CME Rule 106.I. (“Affiliate Member Firm”) and CME Rule 106.J. (“Equity Member Firm”), effective April 7, 2014.

CME Rule 106.I. allows for the trading activity of certain affiliates of a CME Clearing Member Firm with shares or CME Rule 106.J. Equity Member Firm (collectively, “CME Equity Member Firms”) to qualify for CME equity member fees (each such affiliate, a “Qualified Affiliate”). In addition, CME rules allow for 100% wholly owned subsidiaries of a CME Equity Member Firm to qualify for CME equity member fees (each such subsidiary, a “Qualified Subsidiary”). In order to better harmonize the approval and registration requirements for member firms, effective April 7, 2014, CME will require each Qualified Affiliate and each Qualified Subsidiary to be separately registered with and approved by CME Group. The amendments are intended to harmonize CME requirements with current CBOT requirements and to provide better transparency into the ownership of accounts eligible for CME member fees.

The amendments to CME Rule 106.I. and CME Rule 106.J. are set forth in Exhibit 1 in blackline format, with additions underlined.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“Act”). During the review, CME identified that the revisions to CME Rule 106.I. and CME Rule 106.J. may have some bearing on the following Core Principle:

Availability of General Information: In order to ensure that market participants are apprised of the revisions to CME Rule 106.I. and CME Rule 106.J., CME will issue a CME Group Fee Policy Bulletin to the marketplace notifying them of the Exchange’s requirement that each Qualified Affiliate and each Qualified Subsidiary be separately registered and approved by CME Group in advance of the revisions becoming effective. The issuance of the Fee Policy Bulletin notifies the marketplace of the pending revisions in compliance with this Core Principle.

CME certifies that the amendments to CME Rule 106.I. and CME Rule 106.J. comply with the Act and regulations thereunder. There were no opposing views to the rule amendments.

The Exchange certifies that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you have any questions regarding this submission, please contact me at 312-466-7478 or via e-mail at [Tim.Elliott@cmegroup.com](mailto:Tim.Elliott@cmegroup.com).

Sincerely,

/s/ Timothy Elliott  
Executive Director and Associate General Counsel

Attachment: Exhibit 1 – Amendments to CME Rule 106.I. and 106.J.

## **EXHIBIT 1**

### **Amendments to CME Rule 106.I. and CME Rule 106.J.**

(additions underlined)

#### **106.I. Affiliate Member Firm**

An "affiliate" shall be defined to include a firm that either: owns, directly or indirectly, 100% of a clearing member with shares or Rule 106.J. equity member firm or has 100% ownership, direct or indirect, in common with a firm that owns, directly or indirectly, 100% of a clearing member with shares or Rule 106.J. equity member firm. Clearing members with shares are those clearing members that maintain CME Group Class A shares in accordance with CME Rule 106.J. Equity Member Firm requirements in order to receive equity member rates.

A membership may be owned by a clearing member with shares, Rule 106.J. equity member or affiliate firm under this Rule. The membership may be held in the name of the firm or principals or employees of an affiliate and be transferred among its principals and employees provided that: (1) the transfer is approved by Exchange staff; (2) the transferee is approved for membership pursuant to the rules of the Exchange; and (3) the transfer is for the legitimate business purposes of the firm. The affiliate firm shall have the right, at any time, to withdraw the authority of the transferee to trade on the membership owned by the clearing member with shares, Rule 106.J. equity member or affiliate firm, but must withdraw such authority upon termination of his employment or other association with the firm. Notice of the withdrawal of the authority of the transferee to trade on the membership owned by a clearing member with shares, Rule 106.J. equity member or affiliate firm must be given to his qualifying clearing member, and such clearing member must subsequently notify the Exchange pursuant to Rule 511.A. The clearing member with shares, Rule 106.J. equity member or affiliate firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to the membership held under this Section.

The proceeds of the sale of a membership which is used to qualify a Rule 106.I. affiliate member firm shall be subject to Rule 110 claims against both the owner of the membership and the Rule 106.I. affiliate member firm.

A Rule 106.I. membership may not be transferred pursuant to any other provision of Rule 106. The membership may not be assigned for membership purposes under Rules 106.H., 106.J., 106.R., 106.S. or 902.

Rule 106.I. firm benefits apply to the firm trading activity of any affiliate as defined in this Rule that is registered with the Exchange. All such positions of the firm and its affiliates must be carried by a clearing member(s) in accounts separate from positions of subsidiaries, customers and other entities.

A Rule 106.I. affiliate member firm may not hold itself out to the public as a clearing member.

Exchange staff may grant exemptions from the requirements of this Rule.

## 106.J. Equity Member Firm

A firm may qualify as an equity member firm if two CME memberships, two IMM memberships, two IOM memberships, one GEM membership and 20,000 CME Group Class A Shares or, if the equity member firm is a fund, pool or other collective investment vehicle, 30,000 shares, are assigned for the firm's membership privileges. A higher Division membership may be substituted for a lower Division membership to satisfy these requirements:

A CME Rule 106.J. equity member firm (excluding a fund, pool or other collective investment vehicle) shall at all times have assigned to it at least 30,000 CME Group Class A Shares if it is also either: (a) a NYMEX clearing member with shares or NYMEX Rule 106.J. member firm or (b) a CBOT clearing member with shares or CBOT member firm that has a 20,000 share requirement. If the CBOT member firm has an 8,750 share requirement, the combined share requirement will be 28,750.

A CME Rule 106.J. equity member firm that is a fund, pool or other collective investment vehicle shall at all times have assigned to it at least 45,000 CME Group Class A Shares if it is also either: (a) a NYMEX clearing member with shares or NYMEX Rule 106.J. member firm or (b) a CBOT clearing member with shares or CBOT Rule 106.S. equity member firm.

A CME Rule 106.J. equity member firm (excluding a fund, pool or other collective investment vehicle) shall at all times have assigned to it at least 40,000 CME Group Class A Shares if it is also both: (a) a NYMEX clearing member with shares or NYMEX Rule 106.J. member firm and (b) a CBOT clearing member with shares or CBOT member firm that has a 20,000 share requirement. If the CBOT member firm has an 8,750 share requirement, the combined share requirement will be 38,750.

A CME Rule 106.J. equity member firm that is a fund, pool or other collective investment vehicle shall at all times have assigned to it at least 60,000 CME Group Class A Shares if it is also both: (a) a NYMEX clearing member with shares or NYMEX Rule 106.J. member firm and (b) a CBOT clearing member with shares or CBOT Rule 106.S. equity member firm.

At least one CME, one IMM, one IOM and one GEM membership and 50% of the CME Group Class A Shares required for equity membership pursuant to this Rule must be owned by the equity member or a person, including a parent company, with an acceptable proprietary interest in such equity member, or if the equity member firm is a fund, pool or other collective investment vehicle, the investment manager of the fund, pool or other collective investment vehicle. One CME, one IMM, and one IOM membership and 50% of the CME Group Class A Shares required for equity membership may be independently assigned.

If the fund management company is the equity member firm, it may designate a fund, pool or other collective investment vehicle fund within its family of funds to receive its membership benefits.

The memberships owned by the Rule 106.J. equity member firm or a person, including a parent company, with an acceptable proprietary interest in the equity member or the investment manager of a fund, pool or other collective investment vehicle may be transferred under this Rule provided that: (1) the transfer is approved by Exchange staff; and (2) the transferee is approved pursuant to the rules of the Exchange. The firm shall have the right, at any time, to withdraw the authority of the transferee to trade on a firm-owned membership, but must withdraw such authority upon termination of his employment or other association with the firm.

Notice of the withdrawal of the authority of the transferee to trade on a firm-owned membership must be given to his qualifying clearing member who in turn must notify the Exchange pursuant to Rule 511.A. The equity member firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to the membership transferred under this Section.

The proceeds of the sale of a membership which has been assigned in order to qualify a Rule 106.J. equity member firm shall be subject to Rule 110 claims against both the owner of the membership and the Rule 106.J. equity member firm.

A Rule 106.J. membership may not be transferred pursuant any other provision of Rule 106. The membership may not be assigned for membership purposes under Rule 902.

Rule 106.J. equity member firm benefits apply to the equity member firm's member firm trading and the trading account of any 100% wholly owned subsidiaries of the equity member firm that are registered with the Exchange. The Rule 106.J. equity member firm benefits do not apply to the trading of any affiliates, parent companies or customers of the equity member firm. All such positions of the equity member firm or its 100% wholly owned subsidiaries must be carried by a clearing member(s) in accounts separate from positions of affiliates, subsidiaries, customers and other entities.

Any holder or transferee of a Rule 106.J. membership may not solicit or contact customers from the floor of the Exchange unless the equity member firm is an Introducing Broker or Futures Commission Merchant as those terms are defined in Section 1a of the Commodity Exchange Act and/or 17 C.F.R. 1.3.

A Rule 106.J. equity member firm may not hold itself out to the public as a clearing member.

Exchange staff may grant exemptions from the requirements of this Rule