



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

April 10, 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) Self-Certification. Implementing Single-Month Speculative Position Limits for GSCI Futures and GSCI ER Futures
CME Submission No. 13-105**

Dear Ms. Jurgens:

Pursuant to Commodity Futures Trading Commission (the "Commission") Regulation 40.6(a), Chicago Mercantile Exchange Inc. ("CME" or the "Exchange") is self-certifying the implementation of single-month speculative position limits in the S&P GSCI Commodity Index Futures contract (the "GSCI Contract") and the S&P GSCI Excess Return Index Futures contract (the "GSCI ER Contract"). The proposed effective date for the revisions is April 28, 2013, for trade date April 29, 2013.

The proposed amendments establish single-month speculative position limits at 23,600 GSCI Contracts and 59,000 GSCI ER Contracts. CME Submission No. 13-036 included an analysis of the weighting variables for the component commodities of the indexes that determined positions of 23,600 GSCI Contracts and 59,000 GSCI ER Contracts could be held without exceeding all-months combined position limits or accountability levels for any underlying index component futures contract. Pursuant to a conversation between Exchange staff and the Commission's Division of Market Oversight on March 13, 2013, CME is adopting single-month speculative position limits equal to the all-months combined speculative position limits for the GSCI Contract and the GSCI ER Contract.

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 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:

$((CPW/NC)*250)/\text{futures contract size} = 0.421074$

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

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

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

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

- Contracts Not Readily Subject to Manipulation: The proposed single-month position limits are consistent with position 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. The method of analysis used in calculating the limits for the index has been applied to the all-months combined position levels and Commission staff are aware of the methodology and CME's plans for its use with the GSCI Contract and the GSCI ER Contract single-month position limit levels.
- Prevention of Market Disruption: Increased single-month speculative position limits will not affect market surveillance activities and market participants trading in the GSCI Contract and the GSCI ER Contract will continue to be monitored to avoid abuse or market disruption.

- Position Limits or Accountability: The proposed single-month speculative position limits are consistent with and do not exceed CFTC-referenced contract position limits for the underlying component futures contracts.

CME certifies that the proposed revisions comply with the CEA and the regulations thereunder. No substantive opposing views regarding the proposed amendments to 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. 13-105 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments

EXHIBIT 1

Proposed Revisions Position Limit Table at End of CME Rule Chapter 5

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 5 POSITION LIMIT, POSITION ACCOUNTABILITY AND REPORTABLE LEVEL TABLE

(Underline indicates addition, ~~strike through~~ indicates deletion)

Contract Name	Rule Chapter	Single Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)	All Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)
S&P GOLDMAN SACHS Commodity Index	401 & 401A	<u>23,600</u>	23,600
S&P GSCI™ ER Index	415	<u>59,000</u>	59,000