

June 14, 2013

**VIA E-MAIL**

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

**RE: Certification of Changes to CME Rule 301A01.C. on Price Increments for Options on Euro/British Pound Sterling ("EUR/GBP") Cross Rate Futures CME Submission 13-198**

Dear Ms. Jurgens:

The Chicago Mercantile Exchange, Inc. ("CME" or "Exchange"), pursuant to Commodity Futures Trading Commission ("Commission") Regulation 40.6 (a), hereby notifies the Commission that it is self-certifying amendments to CME Rule 301A01.C. on price increments for options on Euro/British Pound Sterling ("EUR/GBP") Cross Rate futures.

CME specifically seeks to amend the trading rules and regulations to eliminate the variable tick table from EUR/GBP options while adding cabinet transactions in one-quarter point tick increments.

These modifications will become effective on Sunday, June 30, 2013 for **trade date Monday, July 1, 2013**. CME will apply these amendments to all option expiries as of the effective date.

Exhibit 1 summarizes the proposed amendments to CME Rule 301A01.C.

The Research and Product Development 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, staff identified the following Core Principles as being potentially impacted:

- **Compliance with Rules**: Eliminating the variable tick table from EUR/GBP options while adding cabinet transactions in one-quarter point tick increments will not have any appreciable impact on the ability to enforce compliance with Exchange rules. The variable tick table is not compatible with the standard price increment of EUR/GBP options, which equals 0.00005 British pound sterling per Euro (£6.25 per tick). Furthermore, the variable tick table has become unnecessary since the standard tick size of EUR/GBP options is relatively small (i.e., one-half point increments that have a denomination that is less than ten currency units). To mitigate this situation, the Exchange has decided to eliminate the variable tick table from EUR/GBP options and replace it with cabinet transactions in a price increment of 0.000025 British pound sterling per Euro (£3.125 per tick), which is consistent with the standard price increment

of EUR/GBP options and will provide added granularity in the pricing basis of EUR/GBP options when premiums are less than the standard tick increment.

- **Contracts Not Readily Subject to Manipulation**: Eliminating the variable tick table from EUR/GBP options while adding cabinet transactions in one-quarter point tick increments will not make the contract susceptible to market manipulation.
- **Availability of General Information**: The Exchange intends to make changes to the price increment of EUR/GBP options 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 EUR/GBP options.
- **Daily Publication of Trading Information**: The Exchange shall continue its regular practice to make public daily information on the settlement prices and opening and closing ranges for all actively traded EUR/GBP option expiries following changes to the contract's price increment.
- **Execution of Transactions**: The proposed changes will not have any impact on the Exchange's current practice of providing a competitive, open, and efficient market mechanism for executing transactions in EUR/GBP options because the contract's standard price increment will remain in place.

CME certifies that these changes comply with the CEA and regulations thereunder. There were no substantive opposing views to this proposal.

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

Please direct inquiries regarding this submission to Daniel Grombacher at (312) 634-1583 or via e-mail at [daniel.grombacher@cmegroup.com](mailto:daniel.grombacher@cmegroup.com). Alternatively, you may contact me at (312) 466-7478 or [tim.elliott@cmegroup.com](mailto:tim.elliott@cmegroup.com). Please reference CME Submission No. 13-198 in any related correspondence.

Sincerely,

/s/ Tim Elliott  
Executive Director and Associate General Counsel

Attachment: Exhibit 1

## Exhibit 1

### Proposed Rule Amendments to Options on Euro/British Pound Sterling (“EUR/GBP”) Cross Rate Futures

(Additions are underlined; deletions are ~~struck through~~.)

#### Chapter 301A: Options on Euro/British Pound Sterling (“EUR/GBP”) Cross Rate Futures

##### 301A01.C. Price Increments

The price of an option shall be quoted in terms of British pounds sterling per Euro. Each .00005 British pound sterling per Euro (.5 point) shall represent 6.25 British pounds sterling. For example, a quote of 0.0070 represents an option price of 875 British pounds sterling (70 points x 6.25 British pounds sterling per .5 point). The minimum fluctuation shall be .5 point (also known as one tick). A trade may also occur at a price of .000025 (3.125 British pounds sterling, also known as one-half tick), whether or not it results in the liquidation of positions for both parties to the trade. ~~A trade may also occur at a price of .000025 (3.125 British pounds sterling, also known as one-half tick), .000075 (9.375 British pounds sterling, also known as one and one-half ticks), .000125 (15.625 British pounds sterling, also known as two and one-half ticks), .000175 (21.875 British pounds sterling, also known as three and one-half ticks), and .000225 (28.125 British pounds sterling, also known as four and one-half ticks).~~