

September 6, 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: CFTC Regulation 40.6(a) Certification of Increased Position Limit Levels for
Nikkei Stock Average Futures, Yen Denominated Nikkei Stock Average
Futures and E-mini Yen Denominated Nikkei Stock Average Futures
CME Submission 13-370**

Dear Ms. Jurgens:

The Chicago Mercantile Exchange, Inc. ("CME" or "Exchange"), pursuant to Commodity Futures Trading Commission ("Commission" or "CFTC") Regulation 40.6(a), hereby notifies the Commission that it is self-certifying increased position limit levels for Nikkei Stock Average Futures, Yen Denominated Nikkei Stock Average Futures and E-mini Yen Denominated Nikkei Stock Average Futures.

The CME specifically seeks to amend the position limits of these three futures as follows:

Currently the position limit for Nikkei Stock Average futures is 5,000 futures contracts and the position limit for Yen Denominated Nikkei Stock Average futures is 5,000 futures contracts. CME is increasing the Yen Denominated Nikkei Stock Average Futures and the Nikkei Stock Average Futures (USD Denominated) position limits from 5,000 per contract market to 20,000 futures contracts, net long or short, for both Yen Denominated Nikkei Stock Average Futures and Nikkei Stock Average Futures combined. The position limit level for the E-mini Yen Denominated Nikkei Stock Average Futures contract will be adjusted on a standard futures contract equivalent basis.

These modifications will become effective on Sunday, September 22, 2013 for **trade date Monday, September 23, 2013**. The CME will apply these amendments to all futures expiries as of the effective date. Since the Exchange proposes in all cases to increase position limits, timely implementation of these revisions is unlikely to disrupt trading in futures delivery months with existing open interest.

Table 1 in the Appendix includes futures and cash market activity for the Nikkei futures and Nikkei 225 Index constituents. Tables 2 and 3 in the Appendix includes Nikkei futures and options on futures open interest levels for both CME and SGX that are used to comply with acceptable standards for adjusting limit levels under CFTC regulation 150.5(c)(2). Attachment

1, appended under a separate cover, includes the proposed amendments to the Exchange's Position Limit, Position Accountability and Reportable Level Table in CME Rulebook Chapter 5 (Trading Qualifications and Practices).

The Research and Product Development Department, the Market Regulation 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:

- **Contracts Not Readily Susceptible to Manipulation**: Increasing the position limits for the CME Nikkei futures contracts will not make the contracts susceptible to market manipulation. The equity market constituents of the Nikkei 225 index are among the most actively traded equities in the world-wide equity market. Given the size, and activity in the underlying cash equity markets, CME has concluded that the Nikkei 225 futures contracts are not readily susceptible to market manipulation.
- **Position Limitations or Accountability**: CME has adopted necessary and appropriate increases in the position limits of the Nikkei 225 Index futures contracts based on a detailed market analysis of the underlying cash markets of each contract, including the size, growth, and trading activity in the underlying cash market of these futures contracts.
- **Availability of General Information**: CME intends to make the increases in the position limits of the Nikkei 225 Index futures contracts available to the public via a Special Executive Report. The Exchange will also publish information on the change in position limits its website.

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: www.cmegroup.com/market-regulation/rule-filings.html.

Please direct inquiries regarding this submission to me at (312) 466-7478 or tim.elliott@cmegroup.com. Please reference CME Submission No. 13-370 in any related correspondence.

Sincerely,

/s/ Tim Elliott
Executive Director and Associate General Counsel

Attachment (Position Limit Table - under separate cover)

cc: Mr. Thomas M. Leahy and Mr. Philip Colling
CFTC Division of Market Oversight, Product Review & Analysis Section

APPENDIX

The three futures contracts considered in this study are:

1. Nikkei Stock Average Futures
2. Yen Denominated Nikkei Stock Average Futures
3. E-mini Yen Denominated Nikkei Stock Average Futures

The market related liquidity characteristics included in Table 1 are:

- i. Market capitalization of the constituents underlying the respective stock index
- ii. Average daily Yen turnover of the constituents underlying the respective stock index
- iii. Open Interest in the Nikkei 225 complex (both futures and delta weighted options)

Nikkei 225 futures and options open interest levels and regulation 150.5(c)(2) position limit levels are included in Table 2.

Nikkei 225 Index Futures and Cash Market Overview

Table 1

ROW		JPY Nikkei 225	USD Nikkei 225
1	Position Limit (Standard Contracts)	5,000	5,000
2	Index Level as of April 30, 2013	13,860.86	13,860.86
3	Futures Contract Multiplier	¥500	\$5
4	Notional Value of Futures Contract	¥6,930,430	\$69,304
5	Position Limit - Notional Value (Billions)	¥34.652	\$0.347
6	Exchange Rate for Nikkei (April 30, 2013)	USD/JPY = 97.45	
7	Market Cap of Index as of April 30, 2013 (Billions) Source: Bloomberg	¥268,631	\$2,757
8	May 1, 2010 to April 30, 2013 Average Index Turnover (Daily Index Constituent Trading Volume in Billions) Source: Bloomberg	¥956.159	\$9.812
9	Position Limit / Market Cap	0.0129%	0.0126%
10	Position Limit / Daily Index Constituent Cash Market Turnover	3.62%	3.53%
11	Open Interest (futures contracts only) in Standard Equivalents as of April 30, 2013 (includes E-mini divided by 5)	391,429 - CME & SGX combined	
12	Open Interest (futures & options contracts)in Standard Equivalents as of April 30, 2013 (includes E-mini divided by 5); Assumes average option delta = 0.30	755,509 - CME & SGX combined	
13	Current Position Limit as % of Futures Open Interest	2.55%	
14	Current Position Limit as % of Futures/Options Open Interest	1.32%	
15	Proposed Position Limit	20,000 JPY & USD combined	
16	Proposed Position Limit - Notional Value (Billions)	¥138.61	
17	% Increase in Current Position Limit	100%	
18	Proposed Position Limit / Market Cap	0.004%	
19	Proposed Position Limit / Daily Index Constituent Cash Equity Market Turnover	14.496%	
20	Proposed Position Limit as % of Futures Open Interest	5.109%	
21	Proposed Position Limit as % of Futures/Options Open Interest	2.65%	

CME is increasing the Yen Denominated Nikkei Stock Average Futures and the Nikkei Stock Average Futures (USD Denominated) position limits from 5,000 per contract market to 20,000 futures contracts, net long or short, for both Yen Denominated Nikkei Stock Average Futures

and Nikkei Stock Average Futures combined. The assumption is that one Yen Denominated Nikkei Stock Average Futures is equivalent to one Nikkei Stock Average Futures contract. This assumption is based on closely equivalent contract values. Because the JPY/USD exchange rate is approximately 100:1 but the JPY/USD Nikkei 225 futures contract multipliers are ¥500: \$5, the JPY and USD Nikkei 225 futures contract notional values, on a currency adjusted basis, are approximately the same – though of course fluctuating against each other with changes in the exchange rate.

The notional value of the current 5,000 futures contract position limit for the CME Nikkei Stock Average position limit is ¥34.6 billion or approximately \$346 million. The market value of the Nikkei Stock Average constituents is approximately ¥268 trillion or approximately \$2.68 trillion. The notional value of either Nikkei Stock Average futures position limit relative to the market value of the constituents underlying the Nikkei Stock Average is 0.013%. The ratio of CME's Nikkei Stock Average Position Limit to the Daily Index Constituent Cash Market Turnover is approximately 3.6%.

Based upon the liquidity characteristics of the Nikkei Stock Average cash equity, and futures markets, it is reasonable to conclude that a one-hundred percent (100%) increase in the position limit for Yen Denominated Nikkei Stock Average and Nikkei Stock Average futures, from 5,000 futures contracts each to 20,000 futures contracts combined, is warranted.

If the Nikkei Stock Average position limits were increased to 20,000 contracts combined, the ratio of the combined Nikkei Stock Average futures position limit to the Nikkei Stock Average market capitalization would rise from 0.026% combined to approximately 0.052%. The daily turnover ratio based on the notional value of the 20,000 contract position limit, combined, relative to Nikkei 225 Index constituent average daily trading activity would be 14.49%.

Regulation 150.5(c)(2) provides non-exclusive acceptable standards for requesting adjustments to position limit levels for extant futures contracts. For the period May 1, 2012 through April 30, 2013, the average monthly delta-weighted open interest for SGX and CME Nikkei 225 futures and options on futures is equal to 755,500 futures contracts.

Table 2 in the appendix lists month end open interest in Nikkei 225 futures and options on futures contracts for CME and SGX for the period covering January 2012 through April 2013. CME and SGX open interest for Nikkei 225 futures and options on futures is considered jointly due to the Mutual Offset (“MOS”) relationship that exists between CME's Nikkei 225 futures contracts and SGX's Nikkei 225 futures contracts.

To adjust to equivalent delta weighted futures open interest it is assumed that one USD 5 multiplier futures contract at either CME or SGX is equivalent to one ¥500 multiplier futures contracts at either CME or SGX. It is also assumed that the average delta for option open interest is equal to 0.30.

Using the methodology cited in regulation 150.5(c)(2), an increase in the CME Nikkei 225 futures JPY denominated and the CME Nikkei 225 USD denominated futures from 5,000 futures contracts each, to 20,000 futures contracts combined, net long or short, is warranted.

Table 2 - Nikkei 225 Index Futures & Options on Futures Open Interest

CME & SGX

May 2012 to April 2013

Contract Multiplier	¥500	¥100	\$5	¥500	\$5	¥500
OPEN INTEREST	Futures SGX	MiniFutures SGX	USD Futures SGX	Options SGX	USD Futures CME	JPY Futures CME
MAY 2012	278,084	94	20,112	747,195	35,140	68,460
JUNE 2012	195,817	28	9,972	647,272	27,394	36,269
JULY 2012	215,144	57	11,207	682,578	31,261	50,766
AUGUST 2012	231,574	178	12,339	920,599	31,573	52,646
SEPTEMBER 2012	232,071	1,043	8,018	1,058,804	20,485	30,762
OCTOBER 2012	243,462	2,067	11,478	1,174,190	30,669	33,647
NOVEMBER 2012	290,122	1,988	16,390	1,366,254	43,380	51,251
DECEMBER 2012	281,453	822	18,964	1,222,709	52,920	54,529
JANUARY 2013	335,691	854	24,163	1,400,117	64,410	74,916
FEBRUARY 2013	326,101	1,107	30,907	1,655,307	74,923	73,146
MARCH 2013	292,256	864	16,227	1,741,454	67,754	70,793
APRIL 2013	334,569	916	17,866	1,946,729	76,760	87,298

Table 3 - Adjusted Nikkei 225 Futures & Options on Futures Open Interest

CME and SGX

May 2012 to April 2013

Contract Multiplier	¥500	¥100	\$5	¥500	\$5	¥500	CME & SGX
OPEN INTEREST EQUIVALENTS	Futures	MiniFutures	USD Futures	Options	USD Futures	JPY Futures	Nikkei 225
	SGX	SGX	SGX	SGX	CME	CME	Open Int.
MAY 2012	278,084	19	20,112	224,159	35,140	68,460	625,973
JUNE 2012	195,817	6	9,972	194,182	27,394	36,269	463,639
JULY 2012	215,144	11	11,207	204,773	31,261	50,766	513,163
AUGUST 2012	231,574	36	12,339	276,180	31,573	52,646	604,347
SEPTEMBER 2012	232,071	209	8,018	317,641	20,485	30,762	609,186
OCTOBER 2012	243,462	413	11,478	352,257	30,669	33,647	671,926
NOVEMBER 2012	290,122	398	16,390	409,876	43,380	51,251	811,417
DECEMBER 2012	281,453	164	18,964	366,813	52,920	54,529	774,843
JANUARY 2013	335,691	171	24,163	420,035	64,410	74,916	919,386
FEBRUARY 2013	326,101	221	30,907	496,592	74,923	73,146	1,001,891
MARCH 2013	292,256	173	16,227	522,436	67,754	70,793	969,639
APRIL 2013	334,569	183	17,866	584,019	76,760	87,298	1,100,695
12-month average open interest =							755,509
Reg 150 Position Limit =							20,763

Contract Name	Rule Chapter	Commodity Code	Contract Size
NIKKEI 225 (\$) STOCK	352 & 352A	NK	5
NIKKEI 225 (YEN) STOCK	352B	N1	500
E-mini NIKKEI 225 (YEN) DENOMINATED	370	ENY	100

Contract Units	Type	Settlement	Group	Diminishing Balance Contract	Reporting Level
dollars times the USD value	N Futures/American opt	Financially settle	CME EQUITY		50
yen times the JPY value	Nikke Futures	Financially settle	CME EQUITY		25
yen times the yen value	Nikke Futures	Financially settle	CME EQUITY		25

Position Limit in Shipping Certificates, Warehouse Receipts	Spot month position comprised of future and deliveries	Spot-Month				
				Spot-Month		
		Spot-Month	Spot-Month	Aggregate	Spot-Month	
		Aggregate	Aggregate	Ratio Into	Aggregate Ratio	
		Into Futures	Into Futures	Futures	Into Futures	Spot-month
Equivalent	Equivalent	Equivalents Leg	Equivalents Leg	Accountabilit		
Leg (1)	Leg (2)	(1)	(2)	y Level		

			Second Spot-Month			
Initial Spot-Month Limit (In Net Futures Equivalents) Leg (1)/ Leg (2)	Initial Spot-Month Limit Effective Date	Spot-Month Limit (In Contract Units)	Second Spot-Month Limit (In Net Futures Equivalents)	Second Spot-Month Limit Effective Date	Single Month Aggregate Into Futures Equivalent Leg (1)	Single Month Aggregate Into Futures Equivalent Leg (2)

Single Month

Single Month					All Month	
Single	Single	Accountability	Single Month	"Intra Crop Year Spread Allowance"	All Month Limit	Limit
Month	Month	Level (In Net	Limit (In Net		Aggregate Into	Aggregate
Aggregate	Aggregate	Futures	Futures		Futures	Into Futures
Ratio Into	Ratio Into	Equivalents) Leg	Equivalents) Leg		Equivalent Leg	Equivalent
Leg (1)	Leg (2)	(1) / Leg (2)	(1) / Leg (2)		(1)	Leg (2)

NK

~~N±~~ NK

~~N±~~ NK

All Month			
	All Month Aggregate Ratio	All Month Accountability Level (In Net Futures)	All Month Limit (In Net Futures)
All Month Aggregate Ratio Into Futures (1)	Ratio Into Futures Leg (1)	Level (In Net Futures) Leg (1) / Leg (2)	Net Futures (1) / Leg (2)
			5,000 <u>20,000</u>

1 (N1) to 1 (NK) - One Nikkei 225 (Yen) futures contract shall be ~~5,000~~ **20,000**
 5 (ENY) to 1 (N1) - Five E-mini contracts are equivalent to one corn ~~25,000~~ **100,000** E-mini/~~5,000~~ **20,000** standard

futures