



Via Electronic Mail to [submissions@cftc.gov](mailto:submissions@cftc.gov) and [dmosubmissions@cftc.gov](mailto:dmosubmissions@cftc.gov)

September 27, 2013

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

Re: Security Futures Products Rule Submission and Rule Certification – One Year Extension of the Minimum Block Size Pilot Program

Dear Ms. Jurgens:

Pursuant to section 5c(c)(1) of the Commodity Exchange Act, as amended (the “Act”), and § 40.6 and § 41.24 of the regulations promulgated by the Commission under the Act, submitted herewith is notification that OneChicago (“OCX”) is amending its September 20, 2013, filing (the “original filing”) extending its pilot program for lowered minimum block size for a period of one year ending on September 12, 2014. OCX is self-certifying the extension and amendment to the extension. This filing amends OCX’s original filing by adding a certification that the extension complies with the Core Principles. OCX has not made any other changes to its original filing.

In September 2012, OCX initiated a pilot program that lowered its block trade size from 100 contracts to 25 contracts for all products. That program was extended for another six months on March 26, 2013. Reducing the block trade size was based on an analysis of OCX’s markets that indicated that the average regular non-block trade was 6 contracts and our average block trade was 1,633 contracts. Therefore, OCX determined that lowering the minimum block size would not have a deleterious impact on our marketplace. We have continued to provide the Commission staff with monthly reports detailing the results of the pilot program. Those results have consistently supported OCX’s assertion that the decreased block size would not harm our markets.

There will be no operational impact related to the extension.

Comments on the OCX proposed extension have not been solicited and none have been received.

On behalf of OCX, I hereby certify that a copy of the submission has been posted on the OCX website at [http://www.onechicago.com/?page\\_id=8917](http://www.onechicago.com/?page_id=8917).

On behalf of OCX, I hereby further certify that the amendment complies with the Core Principles, the Act, and the Commission's regulations thereunder:

*Core Principle 2:* Core Principle 2 requires designated contract markets ("DCMs") to establish, monitor, and enforce compliance with its rules. Decreasing the minimum block trade size, and extending the pilot program that decreased the minimum block trade size, will not affect OCX's ability to comply with Core Principle 2. A 25 contract block size will not allow market participants to engage in abusive trading practices that would not have existed with a 100 contract block size.

*Core Principle 4:* Core Principle 4 requires DCMs to have the capacity and responsibility to prevent manipulation, price distortion, and disruptions of the delivery or cash settlement process through market surveillance, compliance, and enforcement practices and procedures. As stated above, decreasing the minimum block trade size will not affect OCX's ability to prevent or detect any of the above-listed practices or market events.

*Core Principle 7:* Core Principle 7 requires DCMs to make available information concerning the terms and conditions of the contracts of the DCM and the rules, regulations, and mechanisms for executing transactions on the market. OCX continues to make all the above-required information available in its rulebook and on its public website. OCX's rulebook was amended to reduce the minimum block trade size when the pilot program was initially certified in September 2012.

*Core Principle 9:* Core Principle 9 generally requires DCMs to provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading in the centralized market of the board of trade. Decreasing the minimum block size complies with Core Principle 9, as block trading is permissible under OCX rules. The Pilot Program promotes competition because with a lower minimum block size more market participants may transact blocks than before, without harming trading in either of OCX's central limit order books.

*Core Principle 10:* Core Principle 10 requires DCMs maintain rules and procedures to provide for the recording of trade information that enables the DCM to assist in the prevention of market abuses and provide evidence of any violations of rules of the DCM. Whether trades are conducted on CBOEdirect or on OCX.BETS, OCX maintains full transaction and audit trail data that allows OCX to prevent market abuses and violations.

*Core Principle 12:* Core Principle 12 requires DCMs establish and enforce rules to protect markets from abusive practices and to promote fair and equitable trading on the market. As stated above, OCX's surveillance, compliance, and regulatory functions are available to OCX's Compliance Department to the same extent, regardless whether the Compliance Department is investigating trading activity on CBOEdirect or on OCX.BETS.

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If you have any questions or comments regarding the content of this correspondence, please feel free to contact me by phone at (312) 424-8524 or through e-mail at [wbarazi@onechicago.com](mailto:wbarazi@onechicago.com).

Respectfully Submitted,



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