

October 1, 2012

VIA E-MAIL

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

**RE: Regulation 40.6(a). Chicago Mercantile Exchange Inc./The Board of Trade of the City of Chicago, Inc./The New York Mercantile Exchange, Inc./Commodity Exchange Inc.
Submission # 12-305: Revisions to Rules 230, 300, 400, 402, 415, 560 and 853**

Dear Ms. Warfield:

Chicago Mercantile Exchange, Inc. ("CME"), The Board of Trade of the City of Chicago, Inc. ("CBOT"), The New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX"), (collectively, the "Exchanges") are self-certifying revisions to various rules in connection with the October 17, 2012, compliance date for designated contract markets ("DCMs") with respect to the Commodity Futures Trading Commission ("CFTC") final rule on Core Principles and Other Requirements for Designated Contract Markets ("Final Rules"). The revisions will be effective on October 17, 2012.

The revisions are being adopted to ensure that the Exchanges' rules are in compliance with the CFTC's final rules. The revisions appear in Exhibit A, with additions underscored and deletions overstruck. The revisions include the following:

- Rules 230 ("General") and 402.C. ("Business Conduct Committee – Emergency Actions") are being modified to clarify that the Board or the Business Conduct Committee, as applicable, have the authority to suspend, curtail or terminate trading in all contracts in an emergency situation and the authority to order liquidation or transfer of positions where the holder is unable or unwilling to make or take delivery. These changes are being adopted based on the requirements of CFTC § 38.350 ("Core Principle 6"). The change to Rule 230.h. is in connection with the recently adopted Rule 418 ("Consent to Exchange Jurisdiction") and the revisions broadening the definition of Member as set forth in Rule 400 ("General Provisions").
- The revisions to Rule 300.E. ("Exchange Committees – Disciplinary Offenses Defined") replace a reference to "Member" with a reference to "Person" to clarify that any person serving on any of the committees referenced in Rule 300.D. ("Disqualification from Certain Committees and Governing Boards") have an affirmative obligation to inform the Exchange if they become ineligible to serve due to having committed a disciplinary offense.
- The revisions to Rule 400 are being adopted in connection with CFTC Regulation) § 38.7 ("Prohibited Use of Data Collected for Regulatory Purposes") from Subpart A to Part 38 and largely adapt the language of § 38.7.
- The revisions to Rule 415 ("Cooperation with Other Exchanges and Clearing Organizations") are being adopted in accordance with the requirements of CFTC Regulations § 38.150 ("Core Principle 2") and § 38.159 ("Ability to obtain information") which require that DCMs have rules providing them with the authority to obtain any information needed to remain in compliance with

Core Principle 2. The title of Rule 415 has also been modified to accurately characterize the new text.

- The revisions to Rule 560 (“Position Accountability”) are being adopted in connection with the requirements of CFTC Regulation § 38.254 (“Ability to obtain information”). Regulation § 38.254 require DCMs to have rules requiring traders in its contracts to keep records of their trading, including records of their activity in the underlying commodity and related derivatives markets, and make such records available to the DCM upon request.
- The revisions to Rule 853 (“Transfers of Trades and Customer Accounts”) are not directly connected to the DCM Core Principle rulemaking, however they are being adopted to harmonize the window of time in which trades may be transferred to correct an error in the clearing of a trade. Historically, CME and CBOT have allowed two business days and NYMEX and COMEX have allowed four business days. The harmonized rule allows three business days.

The Exchanges certify that the revisions in Exhibit A comply with the Act and regulations thereunder. There were no substantive opposing views to this proposal.

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

If you have any questions regarding this submission, please contact Robert Sniegowski, Market Regulation, at 312.341.5991 or via email at Robert.Sniegowski@cmegroup. Alternatively, you may contact me at 312.930.8167 or via email at Sean.Downey@cmegroup.com. Please reference CME/CBOT/NYMEX/ COMEX Submission No. 12-305 in any related correspondence.

Sincerely,

/s/ Sean Downey
Director & Assistant General Counsel

Attachments: Exhibit A – Revisions to Rules 230, 300, 400, 402, 415, 560 and 853 (black-lined)

Exhibit A

230. GENERAL

The Board shall, subject to applicable provisions in the relevant corporate charter and bylaws:

- a. Be the governing body of the Exchange;
- b. Have charge and control of all property of the Exchange;
- c. Provide, acquire and maintain suitable Exchange quarters and facilities;
- d. [Reserved];
- e. [Reserved];
- f. Designate and authorize specific appointed officers to act on behalf of the Board to execute contracts within specified budgetary limits;
- g. Fix, determine and levy all membership dues, fees and assessments when necessary;
- h. Act in a judicial capacity in the conduct of hearings with respect to any charges proffered against ~~Members~~ as defined in Rule 400 and non-members and, after such hearings, determine what disciplinary action, if any, should be taken by the Exchange with respect to those charges;
- i. Determine the commodities traded, the Division in which they shall be traded, the delivery months, hours of trading, the days of the contract month on which delivery may be made, and performance bond requirements;
- j. Make and amend the Rules; provided, the Board has also delegated such authority to make and amend the Rules to the Executive Chairman and President and the Chief Executive Officer acting together; and
- k. Have power to act in emergencies. In the event that the Board or a hearing panel of the Board determines that an emergency situation exists in which the free and orderly market in a commodity is likely to be disrupted, or the financial integrity of the Exchange is threatened, or the normal functioning of the Exchange has been or is likely to be disrupted, it may, upon a majority vote of the members present or upon a majority vote of the members who respond to a poll, take such action as may in the Board's sole discretion appear necessary to prevent, correct or alleviate the emergency condition. Board members who abstain from voting on a Significant Action as defined in Rule 234 shall not be counted in determining whether such action was approved by a majority vote, but such members can be counted for the purpose of determining whether a quorum exists. Without limiting the foregoing, the Board may: (1) suspend, curtail or terminate trading in any or all contracts, (2) limit trading to liquidation of contracts only, (3) order liquidation or transfer of all or a portion of a member's proprietary and/or customers' accounts, (4) order liquidation of positions of which the holder is unable or unwilling to make or take delivery, (5) confine trading to a specific price range, (6) modify the trading days or hours, (7) alter conditions of delivery, (8) fix the settlement price at which contracts are to be liquidated, and (9) require additional performance bonds to be deposited with the Clearing House. All Exchange contracts shall be subject to the Board's emergency powers and the specifications of each shall be deemed subject to this rule.

Any authority or discretion by these rules vested in the Chairman, Chief Executive Officer, President or other officer or delegated to any committee shall not be construed to deprive the Board of such authority or discretion and in the event of a conflict, the determination of the matter by the Board shall prevail.

300. COMMITTEES

[Sections A. – D. are unchanged.]

300.E DISCIPLINARY OFFENSES DEFINED

"Disciplinary offense" is defined as a:

[Numbers (1) – (4) are unchanged.]

A ~~Person~~Member who serves on any of the committees listed in Rule 300.D. shall inform the Exchange if he or she is currently ineligible, and shall immediately inform the Exchange if he or she later becomes ineligible, to serve on such committees under the standards set forth above with respect to disciplinary offenses. Violation of this rule shall be an act detrimental to the interest or welfare of the Exchange.

[The remainder of the rule is unchanged.]

400. GENERAL PROVISIONS

The Board has adopted Rules, and from time to time adopts amendments and supplements to such Rules, to promote a free and open market on the Exchange, to maintain appropriate business conduct and to provide protection to the public in its dealings with the Exchange and its Members. The Board has created committees to

which it has delegated responsibility for the investigation, hearing and imposition of penalties for violations of Exchange Rules. The Board has also delegated responsibility for the investigation and imposition of penalties for violations of Exchange Rules to Exchange staff as set forth in the Rules. The delegation of such responsibility and authority shall in no way limit the authority of the Board with respect to all Rule violations.

Pursuant to CFTC Regulation §38.7, the Exchange may not use for business or marketing purposes any proprietary data or personal information collected or received, from or on behalf of any Person, for the purpose of fulfilling its regulatory obligations; provided however, that the Exchange may use such data or information for business or marketing purposes if the Person from whom it collects or receives such data or information clearly consents to the Exchange's use of such data or information in such manner. The Exchange may, where necessary or appropriate for regulatory purposes, share such data or information with one or more designated contract markets or swap execution facilities registered with the CFTC. The Exchange is precluded from conditioning access to its markets on a Person's consent to the use of such data for business or marketing purposes.

[The remainder of the Rule is unchanged.]

402. BUSINESS CONDUCT COMMITTEE

[Sections A. and B. are unchanged.]

402.C. Emergency Actions

The BCC is authorized to determine whether an emergency exists and whether emergency action is warranted. The following events and/or conditions may constitute emergencies:

1. Any actual, attempted, or threatened market manipulation;
2. Any actual, attempted, or threatened corner, squeeze, congestion, or undue concentration of positions;
3. Any action taken by the United States or any foreign government or any state or local government body, any other contract market, board of trade, or any other exchange or trade association (foreign or domestic), which may have a direct impact on trading on the Exchange;
4. The actual or threatened bankruptcy or insolvency of any Member or the imposition of any injunction or other restraint by any government agency, self regulatory organization, court or arbitrator upon a Member which may affect the ability of that Member to perform on its contracts;
5. Any circumstance in which it appears that a Member or any other person or entity has failed to perform contracts or is in such financial or operational condition or is conducting business in such a manner that such person or entity cannot be permitted to continue in business without jeopardizing the safety of customer funds, Members, or the Exchange; and/or
6. Any other circumstance which may have a severe, adverse effect upon the functioning of the Exchange, except that declarations of Force Majeure and actions taken with respect to such declarations will be governed by the provisions of Rule 701.

In the event that the BCC determines, in the good faith exercise of its sole discretion, that an emergency exists, it may take any of the following emergency actions or any other action that may be appropriate to respond to the emergency:

1. Suspend, curtail or terminate trading in any or all contracts;
2. Limit or deny access to any CME Group trading or clearing platform or trading floor owned or controlled by CME Group;
3. Limit trading to liquidation of contracts only;
4. Impose or modify position limits and/or order liquidation of all or a portion of a Member or non-member's account;
5. Order liquidation or transfer of positions as to which the holder is unable or unwilling to make or take delivery;
6. Confine trading to a specific price range;
7. Modify price limits;
8. Modify the trading days or hours;
9. Modify conditions of delivery;
10. Establish the settlement price at which contracts are to be liquidated;
11. Require additional performance bond to be deposited with the Clearing House; and/or
12. Order any other action or undertaking to address or relieve the emergency.

All actions taken pursuant to this subsection shall be by a majority vote of the Panel members present. The Market Regulation Department shall give appropriate notice of such action. As soon as practicable, the Board and the CFTC shall be notified of the emergency action in accordance with CFTC regulations. Nothing in this section shall in any

way limit the authority of the Board, other committees, or other appropriate officials to act in an emergency situation as defined by these Rules.

[The remainder of the Rule is unchanged.]

415. COOPERATION WITH OTHER EXCHANGES AND CLEARING ORGANIZATIONS AND INTERNATIONAL GOVERNMENT INFORMATION-SHARING AGREEMENTS

The Chief Executive Officer or the President, or their delegates, are authorized to provide information to:

- A. an exchange or clearing organization that is a party to an information sharing agreement with the Exchange, in accordance with the terms and conditions of such agreement; ~~or~~
- B. a duly authorized foreign regulator or governmental entity, as directed by the Commission, in accordance with an information-sharing agreement executed with the Commission.

Rule 560. POSITION ACCOUNTABILITY

~~The Market Regulation Department may, at any time, require a~~ A person who owns or controls positions in excess of reportable levels or where such Person otherwise holds substantial positions in contracts traded on the Exchange or cleared by the ~~Exchange~~ Clearing House shall keep records, including records of their activity in the underlying commodity and which are subject related derivative markets, and make such records available, upon request, to ~~position limit or position accountability rules to~~ the Exchange.

~~Upon request by the Market Regulation Department, such person shall also~~ provide information relating to ~~such person's position~~ the positions owned or controlled by that person including, but not limited to, the nature and size of the position, the trading strategy employed with respect to the position, and hedging information, if applicable.

For purposes of this rule, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Additionally, positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding shall be treated the same as if the positions were held by a single person.

~~Upon request by the Market Regulation Department, such person shall provide information relating to the positions owned or controlled by that person including, but not limited to, the nature and size of the position, the trading strategy employed with respect to the position, and hedging information, if applicable.~~ If the person from whom such records or information is requested fails to ~~provide the information~~ comply as directed, the Market Regulation Department may order the reduction of such position, in addition to taking disciplinary action as a result of such failure.

A person who exceeds position accountability or position limit levels as a result of maintaining positions at more than one clearing firm shall be deemed to have waived confidentiality regarding his position and the identity of the clearing members at which the positions are maintained.

A person who holds or controls aggregate positions in excess of specified position accountability levels or in excess of position limits pursuant to an approved exemption shall be deemed to have consented, when so ordered by the Market Regulation Department, not to further increase the positions, to comply with any prospective limit which exceeds the size of the position owned or controlled, or to reduce any open position which exceeds position accountability or position limit levels. Any order to reduce an open position shall be issued by the Chief Regulatory Officer or his designee, if he determines in his sole discretion, that such action is necessary to maintain an orderly market.

A clearing member that carries positions for another person shall be responsible for taking reasonable and diligent actions to effect the timely compliance with any order issued pursuant to this rule upon notification of such order by the Market Regulation Department.

All positions must be initiated and liquidated in an orderly manner.

CME/CBOT

853. TRANSFERS OF TRADES AND CUSTOMER ACCOUNTS

853.A. Transfers of Trades

1. Subject to the limitations of Rule 854, existing trades may be transferred either on the books of a clearing member or from one clearing member to another clearing member provided:

- i. The transfer merely constitutes a change from one account to another account provided the underlying beneficial ownership in said accounts remains the same; or

ii. An error has been made in the clearing of a trade and the error is discovered and the transfer is completed within ~~three~~^{two} Business ~~D~~ays after the trade date.

[The remainder of the rule is unchanged.]

NYMEX/COMEX

853. TRANSFERS OF TRADES AND CUSTOMER ACCOUNTS

853.A. Transfers of Trades

1. Subject to the limitations of Rule 854, existing trades may be transferred either on the books of a clearing member or from one clearing member to another clearing member provided:

i. The transfer merely constitutes a change from one account to another account provided the underlying beneficial ownership in said accounts remains the same; or

ii. An error has been made in the clearing of a trade and the error is discovered and the transfer is completed within ~~three~~^{four} Business ~~D~~ays after the trade date.

[The remainder of the rule is unchanged.]