

October 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, DC 20581

**Re: Regulation 40.6(a): Establishment of Speculative Position Limits for Dow Jones–
UBS Commodity Index Futures
CBOT Submission # 13-494**

Dear Ms. Jurgens:

The Board of Trade of the City of Chicago (“CBOT” or the “Exchange”), pursuant to Commodity Futures Trading Commission (“Commission”) Regulation 40.6(a), hereby notifies the Commission that it is self-certifying amendments to CBOT Rule 29102.E and the Position Limit, Position Accountability and Reportable Level Table located in the Interpretations & Special Notices Section of Chapter 5 of the CBOT Rulebook to establish speculative position limits for CBOT Dow Jones–UBS Commodity Index Futures (“DJUBSCI futures”) (Globex commodity code: AW). The effective date for this submission is dependent upon the Commission’s resumption of regulatory review activity and will be no earlier than after the expiration of the required review period under Commission Regulation 40.6(a).

Currently, no speculative position limits are specified for DJUBSCI futures. An analysis by CBOT staff using 2013 index weighting variables for the underlying component commodity futures contract equivalencies determined that positions of 52,000 contracts of the DJUBSCI futures could be held without exceeding any non-spot single month position limit or accountability level for any of the component futures contracts. There is no spot month pricing from any component used in the index so no spot month position limit is specified.

This position limit calculation methodology is based on an approach suggested by CFTC staff and has been previously used to adjust position limit levels for S&P GSCI contracts in 2012 and 2013. The adjustments were certified with the CFTC via Chicago Mercantile Exchange Inc. Submission No. 13-036, dated February 8, 2013. The same methodology has also been used to determine positions limit levels for Dow Jones–UBS Roll Select Commodity Index Futures, launched in 2013, that were certified with the Commission via CBOT Submission No. 13-232, dated June 12, 2013. CME Group Market Regulation Department staff raised no objections to the proposed position limits.

The component futures equivalency is a positive function of the value of the Dow Jones-UBS Commodity Index (“DJUBSCI”). In other words, when the DJUBSCI value increases, more futures contracts of the underlying components are needed to replicate a position in the DJUBSCI. The current value (as of October 10, 2013) of the DJUBSCI is 128.49. However, the highest index value over the whole history of the index is 237.80 set in June 2008. To be more conservative, an even higher index value of 300 was chosen for this analysis to make it extremely unlikely that position limits or accountability levels for any component will be exceeded.

The component equivalencies using 2013 weighting variables for 52,000 DJUBSCI index futures contracts with a multiplier of \$100 when the index value is set at 300 are as follows:

contract	index	As Of	11-Sep-13										
Index Value	contracts	Index ID	DJ-UBS CI										
300	52,000	National	\$1,560,000,000										
for 2013 4067.25685742													
component	exchange	month	Symbol	Units/Lot	Roll Weight	CIM	AsOf Price	w eight %	Hedge Ratio	Equivalent Position	non-spot limit/level	difference	
soyoil	cme-cbt	Dec	BO	\$/lb	60000	1.000	238.939038070	0.42960	2.74%	0.05874698	1,527	8,000	6473
corn	cme-cbt	Dec	C	\$/bu	5000	1.000	44.783658750	4.72500	7.05%	0.01101078	3,435	33,000	29565
wti-crude	cme-nym	Nov	CL	\$/bbl	1000	1.000	4.279516850	106.64000	9.21%	0.00105219	1,641	10,000	8359
cotton	ice-us	Dec	CT	\$/lb	50000	1.000	101.516679470	0.84250	1.77%	0.02495950	779	5,000	4221
gold	cme-cmx	Dec	GC	\$/oz	100	1.000	0.286026870	1363.80000	10.82%	0.00007032	1,097	6,000	4903
copper	cme-cmx	Dec	HG	\$/lb	25000	1.000	86.120131080	3.25700	7.28%	0.02117401	1,321	5,000	3679
heat oil	cme-nym	Nov	HO	\$/gal	42000	1.000	50.840350250	3.07140	3.52%	0.01249991	464	5,000	4536
coffee	ice-us	Dec	KC	\$/lb	37500	1.000	70.675356270	1.20600	2.44%	0.01737666	723	5,000	4277
kc wheat	cme-kcb	Dec	KW	\$/bu	5000	1.000	7.118488360	6.94750	1.32%	0.00175019	546	12,000	11454
lv cattle	cme-cme	Oct	LC	\$/lb	40000	1.000	107.453018560	1.25050	3.28%	0.02641904	1,030	6,300	5270
brent-crude	ice-uk	Nov	LCO	\$/bbl	1000	1.000	2.283934190	110.29000	5.79%	0.00056154	876	NA	NA
hogs	cme-cme	Oct	LH	\$/lb	40000	1.000	95.814956160	0.90300	1.90%	0.02355764	919	4,575	3656
aluminum	lme	Nov	MAL	\$/mton	25	1.000	0.103835660	1759.00000	4.91%	0.00002553	1,593	NA	NA
nickel	lme	Nov	MNI	\$/mton	6	1.000	0.005678920	13775.00000	2.24%	0.00000140	363	NA	NA
zinc	lme	Nov	MZN	\$/mton	25	1.000	0.054430500	1837.00000	2.52%	0.00001338	835	NA	NA
nat gas	cme-nym	Nov	NG	\$/mmbtu	10000	1.000	138.278733190	3.64300	10.42%	0.03999803	5,304	6,000	696
rbob-gas	cme-nym	Nov	RB	\$/gal	42000	1.000	54.130768100	2.70420	3.46%	0.01330891	494	5,000	4506
soybeans	cme-cbt	Nov	S	\$/bu	5000	1.000	17.224555020	13.58250	5.49%	0.00423493	1,321	15,000	13679
sugar	ice-us	Oct	SB	\$/lb	112000	1.000	896.351136310	0.17140	3.88%	0.22038223	3,070	10,000	6930
silver	cme-cmx	Dec	SI	\$/oz	5000	1.000	5.639284040	23.17200	3.90%	0.00138651	433	6,000	5567
soymeal	cme-cbt	Dec	SM	\$/ston	100	1.000	0.277467630	428.00000	2.61%	0.00006822	1,064	6,500	5436
ch wheat	cme-cbt	Dec	W	\$/bu	5000	1.000	19.891507250	6.48000	3.43%	0.00489064	1,526	12,000	10474

The largest component equivalency is for natural gas futures. The single-month accountability level for that component is 6,000 contracts so the limit of 52,000 index futures contracts results in an equivalency (5,304 contracts) that is under the accountability level, with the smallest difference for any of the index components. For all other components, their component equivalencies are much lower than their respective position limits or accountability levels. Note, ICE Brent crude oil and LME aluminum, nickel, and zinc do not have any position limit or accountability level.

A futures contract on a broad-based commodity index such as the DJUBSCI is considered a contract on an excluded commodity rather than a physical commodity. A level of 52,000 index futures contracts is proposed as both the single month and all months combined levels.

CBOT business staff and the legal department collectively reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA”). During the review, CBOT staff identified that the proposed changes may impact the following Core Principles:

- Compliance with Rules – Establishing speculative position limits should not affect the Exchange’s ability to assure compliance with rules and conduct market surveillance obligation under CEA. The Exchange believes that it has appropriate systems, policies and procedures in place to address the new speculative position limits.
- Contracts not Readily Subject to Manipulation – The speculative limits being implemented are consistent with the single month limits already in place for the components underlying the DJUBSCI. 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. Further, the method of analysis used in calculating the limits for the DJUBSCI has been applied in prior commodity index futures contracts.

- Prevention of Market Disruption – The new single month and all months combined position limits will not affect market surveillance activities and all market participants will continue to be monitored to avoid abuse or market disruption.
- Position Limitations or Accountability – The Exchange is adopting speculative position limits that are consistent with and do not exceed CFTC referenced contract position limits for the underlying component futures contracts.
- Trade Information – The new position limits will not affect the Exchange's ability to record and store identifying trade information in order to assist in the prevention of customer and market abuses.
- Protection of Market Participants – The Exchange will continue to monitor all market participants to prevent any abusive practices and to assure equitable trading for all users.

The Exchange certifies that these contract terms and conditions comply with the CEA and regulations thereunder. The Exchange certifies that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>. The Exchange is not aware of any substantive opposing views to this proposal.

If you require any additional information regarding this action, please contact me at 212-299-2200, or John McKinlay at 312-930-3028 or JohnMcKinlay@cmegroup.com, and reference CBOT Submission 13-494 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
 Managing Director and Chief Regulatory Counsel

Attachments: Appendix A: Amendments to CBOT Rule 29102.E
 Appendix B: Position Limit, Position Accountability and Reportable Level Table at the end of CBOT Rule Chapter 5

Appendix A
Amendments to CBOT Rule 29102.E

The proposed rule amendments are below with additions underlined and deletions ~~overstruck~~.

Chapter 29
CBOT Dow Jones-UBS
Commodity Index Futures

29102. TRADING SPECIFICATIONS

29102.E. ~~Reserved~~Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.
Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

Appendix B
Position Limit Table

(attached under separate cover)

Contract Name	Rule Chapter	Commodity Code	Contract Size	Contract Units	Type
Dow Jones-UBS Commodity Index Futures	29	70	100	Dollar x Dow Jones-UBS Commodity Index	Futures

Settlement	Group	Diminishing Balance Contract	Reporting Level	Spot Month Aggregate Into Futures Equivalent Leg (1)	Spot Month Aggregate Into Futures Equivalent Leg (2)	Spot-Month Aggregate Into Ratio Leg (1)
Financially Settled Futures	Agriculture		200			

Spot-Month

Spot-Month Aggregate Into Ratio-Leg (2)	Spot-Month Accountability Level	Initial Spot-Month Limit (In Net Futures Equivalents) Leg (1)/ Leg (2)	Initial Spot-Month Limit Effective Date	Spot-Month Limit (In Contract Units) Leg (1) / Leg (2)
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Second Spot-Month	Single Month		
Second Spot-Month Limit (In Net Futures Equivalents) Leg (1)/ Leg (2) Second Spot-Month Limit Effective Date	Single Month Aggregate Into Futures Equivalent Leg (1)	Single Month Aggregate Into Futures Equivalent Leg (2)	Single Month Aggregate Into Ratio Leg (1)
	<u>70</u>		

Single Month			All Month		
Single Month Aggregate Into Ratio Leg (2)	Single Month Accountability Level Leg (1) / Leg (2)	Single Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)	All Month Limit Aggregate Into Futures Equivalent Leg (1)	All Month Limit Aggregate Into Futures Equivalent Leg (2)	All Month Aggregate Into Ratio Leg (1)
		<u>52,000</u>			<u>70</u>

Month

All Month Aggregate Into Ratio Leg (2)	All Month Accountability Level Leg (1) / Leg (2)	All Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)
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52,000