

November 15, 2012

VIA E-MAIL

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

RE: Certification of Changes to CME Rules 256A01.D. on Underlying Futures Contracts, 256A01.H. on Termination of Trading, and 256A02. on Listing of Exercise Prices for Options on Mexican Peso/U.S. Dollar (“MXN/USD”) Futures as well as Notification Regarding the Delisting of Specific Monthly and Weekly Options on MXN/USD Futures Not in the March Quarterly Expiry Cycle

CME Submission 12-358

Dear Ms. Warfield:

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 Rules 256A01.D. on the underlying futures contracts, 256A01.H. on the termination of trading, and 256A02. on the listing of exercise prices for monthly and weekly options on Mexican Peso/U.S. Dollar (“MXN/USD”) futures.

The CME specifically seeks to amend the trading rules and regulations for monthly and weekly MXN/USD options so that they no longer exercise into monthly futures of the same corresponding contract month but instead into the more liquid and transparent underlying futures contract that is the nearest futures contract in the March quarterly cycle (*i.e.*, March, June, September, and December). Collectively, these proposed changes will improve the utility of monthly and weekly MXN/USD options for market participants while facilitating the calculation of daily settlement pricing marks that are used by CME Clearing in the determination of variation margin for these options. These rule and regulation changes will make monthly and weekly MXN/USD options consistent with the trading terms and conditions of monthly and weekly options on the Exchange’s six major foreign exchange currency pair futures.¹

These modifications will become effective on Sunday, December 2, 2012 for **trade date Monday, December 3, 2012**. The CME will apply these amendments to monthly options beginning with the January 2013 expiry and to weekly options beginning with the December 2012 expiry. While the CME intends to maintain the listing of monthly MXN/USD futures expirations going forward, the Exchange will no longer offer options on these monthly futures.

¹ The Australian dollar, British sterling, Canadian dollar, Euro, Japanese yen, and Swiss franc.

In addition to these contract amendments, the CME, pursuant to Commission Regulation 40.6(a), hereby notifies the Commission that it is self-certifying the temporary delisting of all currently listed monthly and weekly MXN/USD options not in the March quarterly expiry cycle, effective immediately. The Exchange needs to temporarily delist these specific monthly and weekly option expiries until trade date Monday, December 3, 2012 in order to implement the above mentioned contract changes to MXN/USD options on trade date Monday, December 3, 2012. These specific monthly and weekly option expiries currently have no open interest.

Attachment 1 summarizes the proposed amendments to CME Rules 256A01.D., 256A01.H., and 256A02.

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**: Changing the underlying instrument of monthly and weekly MXN/USD options will not have any appreciable impact on the ability to enforce compliance with Exchange rules.
- **Contracts Not Readily Subject to Manipulation**: Having monthly and weekly MXN/USD options exercise into the more liquid and transparent underlying futures contract that is the nearest futures contract in the March quarterly cycle will make the options less susceptible to market manipulation.
- **Prevention of Market Disruption**: These changes to the monthly and weekly MXN/USD options will prevent market disruptions since the Exchange will be able to calculate daily pricing marks for these options based on the more liquid quarterly futures contracts.
- **Availability of General Information**: The Exchange intends to make these changes 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 monthly and weekly MXN/USD options.
- **Daily Publication of Trading Information**: The Exchange intends to make public all daily trade information on settlement prices, volume, open interest, and opening and closing ranges for actively traded monthly and weekly MXN/USD options.
- **Execution of Transactions**: The Exchange intends to provide a competitive, open, and efficient market and mechanism for executing transactions in monthly and weekly MXN/USD options that protects the price discovery process of trading these options in a centralized market.
- **Financial Integrity of Contracts**: These changes should ensure the financial integrity of transactions in monthly and weekly MXN/USD options, including the clearance, settlement, and payment of variation margin of transactions in these options.

- **Emergency Authority**: There will be no market disruption related to the delisting of monthly and weekly MXN/USD options not in the March quarterly expiry cycle since these delisted options have no open interest.

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

The Exchange 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. Alternatively, you may contact me at (312) 466-7478 or via email at tim.elliott@cmegroup.com. Please reference CME Submission No. 12-358 in any related correspondence.

Sincerely,

/s/ Tim Elliott
Executive Director and Associate General Counsel

Attachments

Attachment 1

Proposed Rule Amendments to Chapter 256A: Options on Mexican Peso/U.S. Dollar Futures

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

256A01.D. Underlying Futures Contract²

The underlying futures contract is the nearest futures contract in the March quarterly cycle (i.e., March, June, September, and December) whose termination of trading follows the option's last day of trading by more than two Exchange business days. This rule applies to March quarterly, serial, and weekly options on Mexican peso futures contracts.

1. Monthly Options

~~The underlying futures contract is the same as the option contract month (i.e., the January futures is the contract underlying the January option).³~~

2. Weekly Options

~~For weekly Mexican peso options that expire before the monthly option, the underlying futures contract is the same as the option contract month. For weekly Mexican peso options that expire after the monthly option, the underlying futures contract is the futures contract of the next consecutive calendar month. For example, if Friday, May 9th is the expiration of the monthly option (whose underlying futures contract is the May futures), then for the option expiring Friday, May 2nd, the underlying futures contract is the May futures. In this same example, for the options expiring on the Fridays, May 16th, May 23rd, and May 30th, the underlying futures contract is the June futures.~~

~~²Revised November 1986; March 1992; January 1995; November 1995.~~

~~³Revised June 1997; June 1998; August 1998; September 2000.~~

256A01.H. Termination of Trading³

1. Monthly Options in the March Quarterly Cycle ("Quarterly Options")

Trading in monthly options in the March quarterly cycle (i.e., March, June, September and December) shall terminate at the close of trading (usually 2:00 p.m. Central time) on the second Friday immediately preceding the third Wednesday of the contract month. If the foregoing date for termination is a scheduled Exchange holiday, trading in monthly options shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

2. Monthly Options Not in the March Quarterly Cycle ("Serial Options")

Trading in monthly options not in the March quarterly cycle (i.e., January, February, April, May, July, August, October and November) shall terminate at the close of trading (usually 2:00 p.m. Central time) on the second Friday immediately preceding the third Wednesday of the contract month. If the foregoing date for termination is a scheduled Exchange holiday, trading in monthly options shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

3. Weekly Options

Trading in weekly options shall terminate at the close of trading (usually 2:00 p.m. Central time) on those Fridays that are not also the termination of trading of a monthly option as described in the preceding sections 1 and 2. If the foregoing date for termination is a scheduled Exchange holiday, trading in weekly options shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

Attachment 1 (continued)

1. Monthly Options on Mexican Peso Futures⁴

Trading in monthly options on monthly Mexican peso futures contracts shall terminate at the close of trading on the second Friday immediately preceding the third Wednesday of the contract month. If the foregoing date for termination is a scheduled Exchange holiday, trading in monthly options shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

2. Weekly Options on Mexican Peso Futures

Trading in weekly options on the Mexican peso futures contract shall terminate at the close of trading on those Fridays that are not also the termination of trading of a monthly option as described in the immediately preceding paragraph. If the foregoing date for termination is a scheduled Exchange holiday, trading in weekly options shall terminate on the immediately preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

³Revised December 1986; February 1990; March 1992; January 1995; November 1995; June 1997; April 1998; September 2000; December 2001.

⁴Effective June 1997. Revised December 2001.

256A02. LISTING OF EXERCISE PRICES⁶

1. Monthly Options on the March Quarterly Cycle ("Quarterly Options") Mexican Peso Futures Exercise Price Listings⁷

At the commencement of trading in a contract month for monthly options on Mexican peso futures, the Exchange shall list put and call options at the regular exercise price that is nearest the previous day's settlement price of the underlying futures contract. ~~In addition~~ For options on Mexican peso futures, the Exchange shall list put and call options at the next twenty-four higher and next twenty-four lower regular exercise prices for options on Mexican peso futures.

When a sale, bid, offer, or settlement price in the underlying futures occurs within half a regular exercise price interval of the twenty-fourth highest or twenty-fourth lowest existing regular exercise price for options on Mexican peso futures, put and call options at the next higher or next lower regular exercise price shall be listed for trading on the next trading day. New options may be listed for trading up to and including the termination of trading.

The Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

2. Options Not in the March Quarterly Cycle ("Serial and "Weekly Options")

Upon demand, the Exchange shall list put and call options at any regular exercise price listed for trading in the next March quarterly cycle that is nearest the expiration of the option. New options may be listed for trading up to and including the termination of trading. weekly options that is eligible for listing for the nearest monthly option with the same underlying futures contract.

3. Dynamically-Listed Exercise Prices.

Upon demand and at the discretion of the Exchange, new out-of-current-range exercise prices at regularly defined intervals may be added for trading on as soon as possible basis.

⁶Revised November 1986; June 1987; August 1990; April 1998; November 2002.

⁷Effective June 1997. Revised September 2000, December 2001; September 2004.