

March 27, 2014

**VIA E-MAIL**

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

**RE: CFTC Regulation 40.6(a) Certification. Notification Regarding Amendments to Final Settlement Price Procedures of Euro/British Pound Sterling (EUR/GBP), Euro/Swiss Franc (EUR/CHF), and British Pound Sterling/Swiss Franc (GBP/CHF) Cross Rate Futures Contracts.  
CME Submission No. 14-112**

Dear Ms. Jurgens:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying amendments to the Euro/British Pound Sterling (EUR/GBP) Cross Rate Futures (Rulebook Chapter: 301; Code: RP), Euro/Swiss Franc (EUR/CHF) Cross Rate Futures (Rulebook Chapter: 304; Code: RF), and British Pound Sterling/Swiss Franc (GBP/CHF) Cross Rate Futures (Rulebook Chapter: 306; Code: BF) contracts (collectively, the "Contracts") to amend the final settlement price procedures effective on Sunday, April 13, 2014 for trade date Monday, April 14, 2014 and beginning with the June 2014 contract month. The Contracts are listed for trading on the CME trading floor, CME Globex, and for submission for clearing through CME ClearPort.

Specifically, CME is amending trading regulations 30102.A., 30402A., and 30602.A. that pertain to the final settlement prices for the physical delivery of the corresponding underlying currencies for EUR/GBP, EUR/CHF, and GBP/CHF futures, respectively. In the case of EUR/GBP futures, physical delivery shall occur at a final settlement price rounded to the nearest .000001 British pounds sterling per Euro, commonly referred to as one-fifth of one tick, which is equivalent to 0.125 British pounds sterling per contract. In the case of EUR/CHF futures, physical delivery shall occur at a final settlement price rounded to the nearest .00001 Swiss francs per Euro, commonly referred to as one-tenth of one tick, which is equivalent to 1.25 Swiss francs per contract. Finally, in the case of GBP/CHF futures, physical delivery shall occur at a final settlement price rounded to the nearest .00001 Swiss francs per British pound sterling, commonly referred to as one-tenth of one tick, which is equivalent to 1.25 Swiss francs per contract.

CME is implementing these amendments to the final settlement price procedures of EUR/GBP, EUR/CHF, and GBP/CHF futures to provide more granularity to the final settlement prices at which physical delivery in the futures contracts' corresponding underlying currencies takes place on the delivery day.

Appendix 1 summarizes the amendments to CME Chapters 301, 304, and 306 in blackline format, respectively.

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:** CME shall continue its normal practice to establish, monitor, and enforce compliance with the rules of the contract markets for EUR/GBP, EUR/CHF, and GBP/CHF futures, including the terms and conditions of the contracts’ newly revised rules and procedures for determining final settlement prices for the physical delivery of the futures contracts’ corresponding underlying currencies on the delivery date.
- **Contracts Not Readily Susceptible to Manipulation:** Reducing the minimum increments of the final settlement prices at physical delivery for EUR/GBP, EUR/CHF, and GBP/CHF futures following contract expiration will not make these three contracts more susceptible to market manipulation. The reduction of the minimum increments of the final settlement prices at physical delivery for these three contracts following expiry are intended to provide greater granularity in contract pricing to reflect the continued, progressive improvements in the market liquidity and depth of the central limit order books for these contracts.
- **Prevention of Market Disruption:** CME shall have the capacity and responsibility to prevent manipulation, price distortion, and disruptions of the physical delivery process for EUR/GBP, EUR/CHF, and GBP/CHF futures through currently established market surveillance, compliance, and enforcement practices and procedures.
- **Availability of General Information:** CME will issue a Special Executive Report regarding these aforementioned changes to EUR/GBP, EUR/CHF, and GBP/CHF futures to notify market authorities, market participants, and the public so that they have accurate, up-to-date information regarding the rules, regulations, and mechanisms for executing physical delivery in these three contracts.
- **Daily Publication of Trading Information:** CME shall continue its regular practice to make public information on the final settlement prices at physical delivery for EUR/GBP, EUR/CHF, and GBP/CHF futures following contract expiration.
- **Execution of Transactions:** Reducing the final settlement prices at physical delivery for EUR/GBP, EUR/CHF, and GBP/CHF futures will have no impact on the central limit order book for these contracts. These changes will not impede the Exchange’s ability as a designated contract market to provide a competitive, open, and efficient market mechanism for executing transactions that protects the price discovery and physical delivery processes of these contracts.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the attached amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

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

If you require any additional information regarding this submission, please contact me at 212-299-2200 or via e-mail at [Christopher.Bowen@cmegroup.com](mailto:Christopher.Bowen@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment:

Appendix 1 – Rule Amendments to Settlement Price Procedure Rules of Euro/British Pound Sterling (EUR/GBP), Euro/Swiss Franc (EUR/CHF), and British Pound Sterling/Swiss Franc (GBP/CHF) Cross Rate Futures Contracts

## Appendix 1

### **Amendments to Settlement Price Procedure Rules of Euro/British Pound Sterling (EUR/GBP), Euro/Swiss Franc (EUR/CHF), and British Pound Sterling/Swiss Franc (GBP/CHF) Cross Rate Futures Contracts**

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

#### **Chapter 301: Euro/British Pound Sterling (EUR/GBP) Cross Rate Futures**

##### **30102. SETTLEMENT PROCEDURES**

###### **30102.A. Physical Delivery**

###### 1. Procedures

In addition to the procedures and requirements contained in this chapter, physical delivery procedures shall be governed by the rules set forth in Chapter 7.

Euro/British pound sterling cross rate futures traded pursuant to Chapter 301 shall be delivered in banks designated by the Exchange at a final settlement price rounded to the nearest .000001 British pounds sterling per Euro, commonly referred to as one-fifth of one tick, which is equivalent to 0.125 British pounds sterling per contract. Buyers of the Euro/British pound sterling cross rate futures contract shall deliver the minimum-fluctuation currency (British pound sterling) and receive the trading-unit currency (Euro). Sellers of the Euro/British pound sterling cross rate futures contract shall deliver the trading-unit currency (Euro) and receive the minimum-fluctuation currency (British pound sterling).

#### **Chapter 304: Euro/Swiss Franc (EUR/CHF) Cross Rate Futures**

##### **30402. SETTLEMENT PROCEDURES**

###### **30402.A. Physical Delivery**

###### 1. Procedures

In addition to the procedures and requirements contained in this chapter, physical delivery procedures shall be governed by the rules set forth in Chapter 7.

Euro/Swiss franc cross rate futures traded pursuant to Chapter 304 shall be delivered in banks designated by the Exchange at a final settlement price rounded to the nearest .00001 Swiss francs per Euro, commonly referred to as one-tenth of one tick, which is equivalent to 1.25 Swiss francs per contract. Buyers of the Euro/Swiss franc cross rate futures contract shall deliver the minimum-fluctuation currency (Swiss franc) and receive the trading-unit currency (Euro). Sellers of the Euro/Swiss franc cross rate futures contract shall deliver the trading-unit currency (Euro) and receive the minimum-fluctuation currency (Swiss franc).

**Appendix 1 (continued)**

**Amendments to Settlement Price Procedure Rules of  
Euro/British Pound Sterling (EUR/GBP), Euro/Swiss Franc (EUR/CHF),  
and British Pound Sterling/Swiss Franc (GBP/CHF) Cross Rate Futures Contracts**

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

**Chapter 306: British Pound Sterling/Swiss Franc (GBP/CHF) Cross Rate Futures**

**30602. SETTLEMENT PROCEDURES**

**30602.A. Physical Delivery**

1. Procedures

In addition to the procedures and requirements contained in this chapter, physical delivery procedures shall be governed by the rules set forth in Chapter 7.

British pound sterling/Swiss franc cross rate futures traded pursuant to Chapter 306 shall be delivered in the countries of issuance from banks designated by the Exchange at a final settlement price rounded to the nearest .00001 Swiss francs per British pound sterling, commonly referred to as one-tenth of one tick, which is equivalent to 1.25 Swiss francs per contract. Buyers of the British pound sterling/Swiss franc cross rate futures contract shall deliver the minimum-fluctuation currency (Swiss franc) and receive the trading-unit currency (British pound). Sellers of the British pound sterling/Swiss franc cross rate futures contract shall deliver the trading-unit currency (British pound) and receive the minimum-fluctuation currency (Swiss franc).