



Special Executive Report

S-8758

April 19, 2021

Amendments to CME, CBOT, and NYMEX/COMEX Rule 559. **("Position Limits and Exemptions")**

Effective on trade date May 3, 2021, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME"), The Board of Trade of the City of Chicago, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX"), and Commodity Exchange, Inc. ("COMEX") (collectively, the "Exchanges") are adopting amendments to CME CBOT, and NYMEX/COMEX Rules 559. ("Position Limits and Exemptions").

Additional information on the amendments is set forth in today's issuance of CME Group Market Regulation Advisory Notice RA2104-5, which may be viewed [here](#).

The amendments to Rules 559. are set forth below with additions underscoring and deletions ~~overstruck~~.

Questions regarding the amendments may be directed to one of the following individuals in the Market Regulation Department:

Chris Reinhardt, Executive Director, Market Surveillance, 312.435.3665

Ryne Toscano, Senior Director, Market Surveillance, 212.299.2879

CME, CBOT, and NYMEX/COMEX Rulebooks **Chapter 5** **("Trading Qualifications and Practices")** (additions are underscoring; deletions are ~~overstruck~~)

Rule 559. POSITION LIMITS AND EXEMPTIONS

The position limit levels applicable to those contracts with position limits are set forth in the Position Limit, Position Accountability and Reportable Level Table ("Table") in the Interpretations Section at the end of Chapter 5.

A person seeking an exemption from position limits must apply to the Market Regulation Department on forms provided by the Exchange. In order to obtain an exemption from position limits, a person must:

1. Provide a description of the exemption sought, including whether the exemption is for bona fide hedging transactions or positions as defined in CFTC Regulation §150.1 (Bona fide hedging transaction or position), non-enumerated bona fide hedging transactions or positions, or spread positions;
2. Provide a complete and accurate explanation of the underlying exposure related to the exemption request;
3. Agree to promptly provide, upon request by the Market Regulation Department, information or documentation regarding the person's financial condition;
4. Agree to comply with all terms, conditions or limitations imposed by the Market Regulation Department with respect to the exemption;
5. Agree that the Market Regulation Department may, for cause, modify or revoke the exemption at any time;
6. Agree to initiate and liquidate positions in an orderly manner;

7. Agree to comply with all Exchange rules; and
8. Agree to promptly submit a supplemental statement to the Market Regulation Department whenever there is a material change to the information provided in the most recent application.

A person intending to exceed position limits, including limits established pursuant to a previously approved exemption, must file the required application and receive approval from the Market Regulation Department prior to exceeding such limits. However, a person who establishes an ~~an exemption-eligible~~ position in excess of position limits and files the required application for bona fide hedging transactions or positions or non-enumerated bona fide hedging transactions or positions with the Market Regulation Department shall not be in violation of this rule provided the filing occurs within five (5) business days after assuming the position except in circumstances where the Market Regulation Department requires a person to file prior to the fifth business day. An application filed after exceeding a limit must include an explanation of the sudden or unforeseen bona fide hedging need. In the event the positions in excess of the limits are not deemed to be exemption-eligible, the applicant and clearing firm will be in violation of speculative limits for the period of time in which the excess positions remained open.

The Market Regulation Department shall, on the basis of the application and any requested supplemental information, determine whether an exemption from position limits shall be granted. The Market Regulation Department may approve, deny, condition or limit any exemption request based on factors deemed by the Department to be relevant, including, but not limited to, the applicant's business needs and financial status, as well as whether the positions can be established and liquidated in an orderly manner given characteristics of the market for which the exemption is sought.

Nothing in this rule shall in any way limit (i) the authority of the Exchange to take emergency action; or (ii) the authority of the Market Regulation Department to review at any time the positions owned or controlled by any person and to direct that such position be reduced to the position limit provided for in the Table.

A person who has received written authorization from the Market Regulation Department to exceed position limits must annually file an updated application not later than one year following the approval date of the most recent application. Failure to file an updated application will result in expiration of the exemption.

[The remainder of the Rule is unchanged.]