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August 14, 2013

Ms. Melissa Jurgens  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, D.C. 20581

**Re: Chicago Mercantile Exchange Inc., The Board of Trade of the City of Chicago, Inc., New York Mercantile Exchange, Inc., Commodity Exchange, Inc. and Kansas City Board of Trade, Inc. Issuance of CME Group Market Regulation Advisory Notice RA1308-5**

Dear Ms. Jurgens:

The Commodity Market Council (CMC) appreciates the opportunity to comment on the Chicago Mercantile Exchange Inc.'s (CME's), request for Commodity Futures Trading Commission (CFTC or Commission) approval to issue CME Group Market Regulation Advisory Notice RA1308-5 ("RA1308-5") to the marketplace pursuant to CFTC Regulation 40.5(a).

CMC is a trade association that brings together commodity exchanges and their industry counterparts. The activities of CMC members include the complete spectrum of commercial end-users of all futures markets including energy and agriculture. Specifically, our industry member firms are regular users of the Chicago Board of Trade, Chicago Mercantile Exchange, ICE Futures US, Kansas City Board of Trade, Minneapolis Grain Exchange and the New York Mercantile Exchange. As such, CMC is well-positioned to provide a consensus view from commercial end users of derivatives.

RA1308-5 provides additional guidance and clarity on the types of activity that may constitute a violation of each Exchange's Rule 534 ("Wash Trades Prohibited") and incorporates information into the Advisory Notice concerning CME Group's Self-Match Prevention ("SMP") functionality on CME Globex that was recently introduced in June 2013.

CMC is supportive of numerous additions and clarifications in this notice including:

- A workable definition of a wash trade.
- The differentiation between "same" and "common" beneficial ownership. "Common beneficial ownership" is inclusive of "same beneficial ownership" in the context of the guidance in the Advisory Notice.
- Efforts to address unintentional and incidental self-trades on the electronic platform. However, CMC believes that with respect to orders initiated by one or more automated trading systems that are operated and/or controlled by the same individual or the same trading group that match against each other, if such orders occur on more than an incidental basis in the context of the algorithms' activity or in the context of the particular market's activity, the trades should be subject to increased scrutiny and review for potential violations of Rule 534.

Additionally, CMC appreciates that information on CME Group's optional Self Match Prevention (SMP) functionality being deployed in June 2013 has been incorporated. It is also important to note that this Advisory Notice clarifies that orders entered by different traders making fully independent trading decisions that unintentionally and coincidentally match opposite each other on the electronic platform will not be deemed a wash trade provided that the orders are entered in good faith for the purpose of executing bona fide transactions, are not prearranged and each trader enters their order without knowledge of the other trader's order.

Regarding orders generated by algorithms operated and controlled by independent traders operating in different trading groups, unintentional and coincidental trades that match will not be deemed wash sales if the orders are entered in good faith for the purpose of executing a bona fide transaction, the algorithms operate independently of one another and the trading groups do not have knowledge of one another's orders.

Lastly, with respect to orders initiated by one or more automated trading systems that are operated and/or controlled by the same individual or the same trading group that match against each other, CMC believes that if such orders occur on more than an incidental basis in the context of the algorithms' activity or in the context of the particular market's activity, the trades should be subject to increased scrutiny and review for potential violations of Rule 534.

We appreciate the opportunity to comment on this Advisory Notice and encourage the Commission to approve this CME's Advisory Notice. We continue to support cost effective and efficient regulatory initiatives.

CMC appreciates the commission's consideration of this letter. Should you have questions regarding this topic, please contact me at [Gregg.Doud@commoditymks.org](mailto:Gregg.Doud@commoditymks.org) or by phone at (202) 842-0400 x 101.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregg Doud". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Gregg Doud  
President  
Commodity Markets Council