



June 25, 2025

VIA ON-LINE SUBMISSION

Mr. Christopher J. Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

**Re: REQUEST FOR COMMENT ON TIME-LIMITED NO-ACTION POSITION WITH
RESPECT TO THE TRADING OF MINNEAPOLIS HARD RED SPRING WHEAT
OPTIONS ON FUTURES**

Dear Mr. Kirkpatrick:

CME Group Inc. ("CME Group") appreciates the opportunity to comment on the Commodity Futures Trading Commission's (the "CFTC" or "Commission") Request for Comment on the Time-Limited No-Action Position with Respect to the Trading of Minneapolis Hard Red Spring Wheat Options on Futures (the "Proposed NAL").

CME Group is the parent of four U.S.-based designated contract markets ("DCMs"): Chicago Mercantile Exchange Inc. ("CME"), Board of Trade of the City of Chicago, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX") (collectively, the "CME Group Exchanges" or "Exchanges"). These Exchanges offer a wide range of products available across all major asset classes, including futures and options based on interest rates, equity indexes, foreign exchange, energy, metals, agricultural, and environmental commodities. CME is also registered as a derivatives clearing organization ("DCO") (also known as "CME Clearing") which provides clearing and settlement services for exchange-traded and over-the-counter derivatives transactions.

I. Background

As noted in the Proposed NAL, MIAX Futures Exchange, LLC ("MIAX Futures") currently lists for trading HRSW futures contracts and HRSW options. Market participants may execute transactions in these products on the exchange's electronic trading system or via block trades pursuant to its rules. With respect to the electronic trading system, MIAX Futures currently uses the CME Globex electronic trading platform. However, on June 29, 2025, the MIAX Futures HRSW *futures* will migrate to a new electronic trading platform ("Onyx"). At the time of this migration, electronic trading of HRSW *options* on Onyx will not be available. With respect to block trades, the MIAX Futures rulebook currently sets the block trade threshold for HRSW options at 15 contracts and permits only eligible contract participants ("ECPs") to engage in block trades.

In order to address the fact that (1) the HRSW options market currently has open positions in the September 2025 and December 2025 expirations (including open positions held by non-ECPs), but (2) MIAX Futures will be unable to facilitate electronic trading of the HRSW options after June 29, 2025,

MIAX Futures has requested exemptive relief. Namely, MIAX Futures seeks to amend its rulebook to (i) provide for block trades without a centralized market for the trading of HRSW Options; (ii) lower the block trade threshold for HRSW Options from 15 contracts to one contract; and (iii) permit non-ECPs to engage in block trades in HRSW Options ((i)-(iii) collectively referred to herein as the “**Temporary HRSW Options Block Trading Protocol**”).

In response, the CFTC’s Division of Market Oversight (the “Division”) proposes to grant time-limited no-action relief whereby the Division will not recommend that the Commission take an enforcement action against MIAX Futures in connection with the implementation of the Temporary HRSW Options Block Trading Protocol. The temporary no-action position will be effective from June 29, 2025 until August 29, 2025 and will be subject to the following conditions:

- i. The no-action positions apply only to the trading of HRSW Options in the September 2025 and December 2025 expirations.
- ii. MIAX Futures will promptly file with the Division Director and post on the MIAX Futures website all rule amendments implementing the Temporary HRSW Options Block Trading Protocol.
- iii. MIAX Futures will, in its rulebook, identify all rule amendments implementing the Temporary HRSW Options Block Trading Protocol as being adopted and implemented pursuant to these no-action positions and as being effective only until the expiration of these no-action positions.
- iv. MIAX Futures will promptly respond to Division or Commission requests for any additional information related to the trading of HRSW Options pursuant to the Temporary HRSW Options Block Trading Protocol.
- v. MIAX Futures will provide the Division with reasonable advance notice of plans to make HRSW Options available for trading on Onyx.

II. Comments

1. Existing block trading protocols are an important element of market structure and reflect regulatory requirements.

Currently, MIAX Futures’ block trading functionality is supplemental to the electronic trading system (e.g., its centralized market). As referenced in the Proposed NAL, DCM Core Principle 9 generally provides that a DCM must provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading in the centralized market of the DCM.¹ Additionally, Commission regulation 1.38(a) generally provides that purchases and sales of any commodity for future delivery, and any commodity option on or subject to the rules of a contract market, must be executed openly and competitively, provided that this requirement will not apply to transactions executed non-competitively in accordance with written rules of the contract market that have been submitted to and approved by the Commission specifically providing for non-competitive execution.² Put simply, operating a market that is explicitly block-only is incongruent with these standards.

Further, as noted above, the MIAX Futures rulebook currently sets the block trade threshold for HRSW options at 15 contracts and permits only ECPs to engage in block trades. CME believes that, when

¹ CEA section 5(d)(9), 7 U.S.C. 7(d)(9); *See also* 17 CFR § 38.500.

² 17 CFR § 1.38.

supplementing a centralized market, these conditions are consistent with the regulatory requirements noted above and are materially consistent with the block trading protocols established by other DCMs. However, MIAX Futures' proposal—and the Proposed NAL—would permit for the block trade threshold to be lowered to 1 contract and for the ECP requirement to be removed entirely. This is inconsistent with the standards to which other DCMs have been held, sets a problematic precedent, and is suboptimal from a market structure and price discovery perspective.

We also recognize nevertheless that the Commission has been put in the difficult position of balancing those requirements against the needs of position holders—including those who are not ECPs—to trade out of or offset open positions and that the Division has (i) limited the relief to those contract months with open interest and (ii) made the relief time-limited to August 29, 2025. We understand and assume that this position will not be precedent-setting or long term in nature and is motivated by the fact that current position holders could be disadvantaged should the Commission not grant relief.

2. The relief should be limited to trading out of or offsetting open positions.

The Commission references the need for position holders to trade out of or offset open positions *as a rationale* for granting the Proposed NAL,³ but does not appear to *expressly limit* the relief to such transactions. As noted above, we believe an unfortunate precedent is being set, but we understand the Commission's goal of providing an avenue for market participants to close out positions. We believe that goal can, and should, be accomplished in a way that limits the relief to transactions that facilitate risk reduction of open positions.

III. Conclusion

CME Group thanks the Commission for the opportunity to comment on the Proposed NAL. If you have any comments or questions, please feel free to contact me at (312) 930-2324 or via email at Jonathan.Marcus@cmegroup.com.

Sincerely,



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cc: Acting Chairman Caroline Pham
Commissioner Kristin Johnson

³ "After considering the request of MIAX Futures and related facts and circumstances, the Division believes that temporary no-action positions are warranted to provide participants in the HRSW Options market with a means to trade out of or offset their open positions in the September 2025 and December 2025 expirations when electronic trading is no longer available."