



Special Executive Report

DATE: December 15, 2017
SER#: 8040
SUBJECT: CME Group Exchanges – PRIIPs Application

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 "Exchange") will adopt new Rule 570. ("Restriction on Sale of Exchange Products in the EU to EU Retail Investors Under PRIIPs") and amendments to Rule 960. ("Omnibus and Carrying Brokers Accounts") (collectively, the "Rule Amendments") to comply with European Union ("EU") regulation on Packaged Retail and Insurance-Based Investment Products ("PRIIPs"). The Rule Amendments, provided below in Appendix A in blackline format, will be implemented on January 1, 2018.

General overview

The PRIIPs regulation passed by the European Commission introduces a mandatory short form disclosure regime to ensure that EU based retail investors are adequately informed of the characteristics of a product, including exchange-traded derivatives, to enable them to make an informed investment decision prior to entering into a transaction. The relevant obligations will apply commencing January 2018.

The Exchanges are aware of the implications of the above-mentioned regulation on some of its customers who are in the business of interacting with EU retail investors and has therefore created a suite of Key Information Documents (KIDs) which cover certain products.

The Exchanges will adopt an aggregated approach for products that have the same type of characteristics and share the same type of underlying, providing KIDs per Asset Class (and in some instances sub-asset class). The Exchanges would also set out the various permutations that exist for options (put, call, long and short).

KIDs will be made available in the following languages: English, French, Dutch, Italian, Spanish and German.

All the relevant documentation and accompanying information will be made available in due course, free of charge, on CME Group's website, at the following link: www.cmegroup.com/priipskids.

General queries

Please address any queries not covered by the content of this notice to EURegulation@cmegroup.com

Appendix A

CME/CBOT/NYME/COMEX Rulebooks

(additions underlined)

Chapter 5 Trading Qualifications and Practices

570. Restriction on Sale of Exchange Products in the European Union to European Union Retail Investors under PRIIPs [Package Retail and Insurance Based Investment Product]

(a) No member shall offer, sell or arrange a transaction in an Exchange Contract for, on behalf of, or with a retail investor in the European Union ("EU Retail Investor"), or otherwise make an Exchange Contract available to an EU Retail Investor, unless (1) a key information document ("KID") has been produced for the product by the Exchange in accordance with the requirements of Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") and (2) the KID has been provided to the EU Retail Investor by the intermediary accepting the order from or clearing the transaction on behalf of the EU Retail Investor.

(b) For the purposes of this rule, "retail investor" shall be defined as any person or entity that does not qualify as a "professional client" as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments as may be amended, restated or superseded from time to time.

Chapter 9 Clearing Members

960. Omnibus and Carrying Broker Accounts

F. Clearing members may only carry omnibus accounts for entities that have received a notice from the clearing member (i) notifying the omnibus account of the EU Retail Customer restrictions contained in Rule 570 and (ii) requiring it to send a similar notice to its omnibus customers.