



Special Executive Report

S-7779

November 3, 2016

Adoption of CME SEF Rule 575 **("Disruptive Practices Prohibited")**

The Swap Execution Facility Division of Chicago Mercantile Exchange Inc. ("CME SEF") has adopted new Rule 575 ("Disruptive Practices Prohibited"). The adoption of Rule 575. is in response to a request by the CFTC to all registered SEFs to adopt a disruptive practices prohibition into each of their respective rulebooks. CME SEF has determined to add Rule 575. which is similar to Rule 575. in each of CME Group's designated contract market rulebooks.

New CME SEF Rule 575 is set forth below.

CME SEF Rulebook **Chapter 5 - Qualifications for Execution and Trading Practices**

Rule 575. Disruptive Practices Prohibited

All orders must be entered for the purpose of executing bona fide transactions. Additionally, all non-actionable messages must be entered in good faith for legitimate purposes.

- A. No person shall enter or cause to be entered an order with the intent, at the time of order entry, to cancel the order before execution or to modify the order to avoid execution;
- B. No Person shall enter or cause to be entered an actionable or non-actionable message or messages with intent to mislead other market participants;
- C. No Person shall enter or cause to be entered an actionable or non-actionable message or messages with intent to overload, delay, or disrupt the systems of the Exchange or other market participants; and
- D. No person shall enter or cause to be entered an actionable or non-actionable message with intent to disrupt, or with reckless disregard for the adverse impact on, the orderly conduct of trading or the fair execution of transactions.

To the extent applicable, the provisions of this Rule apply to electronic trading activity. Further, the provisions of this Rule apply to all market states, including the pre-opening period, the closing period and all trading sessions.

Questions regarding this Special Executive Report may be directed to the following individuals:

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