

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 22-039

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 02/09/22 Filing Description: Amendments to the Daily Settlement Procedure Document for the S&P 500 Annual Dividend Index Futures and S&P 500 Quarterly Dividend Index Futures Contracts

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers: See filing.

**New Product**

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

**Product Terms and Conditions (product related Rules and Rule Amendments)**

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected:

Rule Numbers:

February 9, 2022

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**Re: CFTC Regulation 40.6(a) Certification. Amendments to the Daily Settlement Procedure Document for the S&P 500 Annual Dividend Index Futures and S&P 500 Quarterly Dividend Index Futures Contracts.  
CME Submission No. 22-039**

Dear Mr. Kirkpatrick:

Effective Sunday, February 27, 2022 for trade date Monday, February 28, 2022, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) will amend the Daily Settlement Procedure Document (the “Document”) relating to the S&P 500 Annual Dividend Index Futures and S&P 500 Quarterly Dividend Index Futures contracts (the “Contracts”) as noted in the table below (the “Rule Amendments”).

<b>Contract Title</b>	<b>CME Globex and CME ClearPort Code</b>	<b>Rulebook Chapter</b>
S&P 500 Annual Dividend Index Futures	SDA	365
S&P 500 Quarterly Dividend Index Futures	SDI	366

Specifically, the amended settlement procedures referenced in the Document will include the volume weighted average price (VWAP) of CME ClearPort outright and spread transactions as well as outright trades executed on the CME Globex electronic trading platform (“CME Globex”). Spread trades executed on CME Globex will not be incorporated in the methodology as the anchor leg for settlements utilizes the prior day’s settlement price.

The Rule Amendments in connection with the Document are provided in Exhibit A in blackline format.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Rule Amendments may have some bearing on the following Core Principles:

- **Compliance with Rules:** The Exchange shall continue their normal practice to establish, monitor, and enforce compliance with the rules for the Contracts, including the Rule Amendments for the Contracts.
- **Prevention of Market Disruption:** The Exchange has the capacity to detect abnormal price movements and unusual trading volumes, including such abnormal price movements or trading

volumes as may be associated with bilaterally negotiated trades, and they hold the authority to take remedial action as appropriate.

- **Execution of Transactions:** The Rule Amendments will further enable the Exchange to continue their current practice of providing a competitive, open, and efficient market mechanism for executing transactions.
- **Availability of General Information:** The Exchange shall disseminate a Special Executive Report (“SER”) regarding the Rule Amendments. The SER will also be posted on the CME Group website.
- **Daily Publication of Trading Information:** Trading volume, open interest and price information will be published daily on the Exchange’s website and via quote vendors.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the Rule Amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to the proposal.

The Exchange certifies that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A – Amendments to Daily Settlement Procedure Document for S&P Annual and Quarterly Dividend Index Futures Daily Settlement Procedure (blackline format)

## EXHIBIT A

### Daily Settlement Procedure Document

(additions underscored; deletions ~~struck through~~)

## S&P Annual and Quarterly Dividend Index Futures Daily Settlement Procedure

### Normal Daily Settlement Procedure

Daily settlement of S&P 500 Annual Dividend Index Future (SDA), the S&P 500 Quarterly Dividend Index Future (SDI) is determined by CME Group staff based on trading activity on CME Globex between 14:59:30 and 15:00:00.

CME Group staff determines daily settlements for the S&P 500 Annual Dividend Index Futures (SDA) and S&P 500 Quarterly Dividend Index Futures (SDI) contracts based on market activity on CME Globex and CME ClearPort.

### All Months

~~**Tier 1:** If a trade(s) occurs on Globex between 14:59:30 and 15:00:00 Central Time (CT), the settlement period, the contract settles to the volume-weighted average price (VWAP) of the trade(s) during this period.~~

~~**Tier 2:** If no trades occur on Globex between 14:59:30 and 15:00:00 CT, then the contract settles to the midpoint of the low bid and high ask.~~

~~**Tier 3:** If either or both the bid or ask are absent, then the last trade (or prior settle in the absence of a last trade price) is used to determine whether to settle the first chronological month to the low bid or the high ask if one exists. All subsequent months will inherit the net change of the first chronological month validated against any one-sided Globex markets.~~

**Tier 1:** Settle each month to the contract's volume weighted average price (VWAP) of CME ClearPort (both outright and spread transactions) and CME Globex (outright trades only). The settlement window is determined by CME and can be as long as an entire trade date.

Important notes on Tier 1: CME ClearPort outright and spread transactions are used where the logic takes the spread legs from CME ClearPort and treats them as two separate outright trades using the user entered prices from CME ClearPort. CME Globex spreads trades are not used because the leg pricing uses prior day settle as opposed to current market prices.

**Tier 2:** If no trades or transactions occurred, settle to the prior day price validated against the CME Globex bid/ask. If the prior day settle is outside the posted CME Globex market, the settlement will be adjusted to the CME Globex bid or offer.

If you have any questions, please call the CME Global Command Center at 800.438.8616, in Europe at 44.800.898.013, or in Asia at 65.6532.5010.

**Note:** In the event the aforementioned calculations cannot be made or if CME Group staff, in its sole discretion, determines that anomalous activity produces results that are not representative of the fair value of the contract, staff may determine an alternative settlement price.