

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 18-133

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

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 03/19/2018 Filing Description: Expansion of Open Outcry Intermarket Spread Functionality in Options on Standard and Poor's Futures v. Options on E-mini Standard and Poor's Futures Contracts

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- |                                     |                                     |            |
|-------------------------------------|-------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification                       | § 40.6(a)  |
| <input type="checkbox"/>            | Approval                            | § 40.5(a)  |
| <input type="checkbox"/>            | Notification                        | § 40.6(d)  |
| <input type="checkbox"/>            | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/>            | SIDCO Emergency Rule Change         | § 40.10(h) |

Rule Numbers: See filing.

**New Product**

Please note only ONE product per Submission.

- |                          |                                       |            |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification                         | § 40.2(a)  |
| <input type="checkbox"/> | Certification Security Futures        | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class              | § 40.2(d)  |
| <input type="checkbox"/> | Approval                              | § 40.3(a)  |
| <input type="checkbox"/> | Approval Security Futures             | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission                       | § 39.5     |

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

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

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

Rule Numbers:

March 19, 2018

**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. Notification Regarding Expansion of Open Outcry Intermarket Spread Functionality in Options on Standard and Poor's Futures v. Options on E-mini Standard and Poor's Futures Contracts.  
CME Submission No. 18-133**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange, Inc. ("CME" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the expansion of provisions for intermarket spread trading in open outcry in Options on E-mini<sup>®</sup> Standard and Poor's 500 Stock Price Index Futures ("ES") futures versus Options on Standard and Poor's 500 Stock Price Index<sup>™</sup> ("SP") futures (as identified in Exhibit 1), so as to include (a) options that are exercisable into futures for any futures delivery month and (b) all option exercise price levels effective on Sunday, April 1, 2018 for trade date Monday, April 2, 2018.

***Exhibit 1 – Options on CME SP Futures and Options on CME ES Futures***

<i>CME Contract / Rulebook Chapter</i>	<i>CME Globex Code, CME ClearPort Code, and Clearing Code</i>	<i>Open Outcry Code</i>
<b>Options on SP Futures / 351A</b>		
American Style (Quarterly)	SP	Put: PS Call: CS
European Style Weekly	EV1, EV2, EV3, EV4	EV1, EV2, EV3, EV4
European Style Weekly Wednesday	S1C, S2C, S3C, S4C, S5C	S1C, S2C, S3C, S4C, S5C
European Style Weekly Monday	S1A, S2A, S3A, S4A, S5A	S1A, S2A, S3A, S4A, S5A
European Style End-of-Month	EV	EV
<b>Options on ES Futures / 358A</b>		
American Style (Quarterly)	ES	N/A
European Style Weekly	EW1, EW2, EW3, EW4	N/A
European Style Weekly Wednesday	E1C, E2C, E3C, E4C, E5C	N/A
European Style Weekly Monday	E1A, E2A, E3A, E4A, E5A	N/A
European Style End-of-Month	EW	N/A

At present, an intermarket spread between options on ES futures and options on SP futures is permitted to be traded in open outcry, during regular trading hours, provided that:

- (1) such spread consists of the simultaneous purchase (sale) of one option on SP futures and sale (purchase) of five (5) options on ES futures;

- (2) the underlying futures contracts for all such options are for delivery in the nearby March Quarterly month (March, June, September, or December);
- (3) all such options have the same exercise style (either American or European);
- (4) all such options are the same type (either put or call);
- (5) all such options expire on the same date;
- (6) all such options have the same exercise price; and
- (7) at the time of trade execution, such exercise price is out-of-the-money (OTM), or is at-the-money (ATM), or is one of the five (5) consecutive in-the-money (ITM) exercise price levels nearest to the ATM exercise price level.

Provision for such intermarket option spread trades was certified to the Commission by the Exchange on August 7, 2007. Amendments to this provision were certified by the Exchange on November 15, 2007.<sup>1</sup>

The action certified herein would expand the scope of this provision in two ways. First, it would remove criterion (7) above. That is, it would permit any such intermarket option spread to be traded with options at any given exercise price level, irrespective of proximity to the ATM exercise price level at the time of trade execution. Second, it would liberalize criterion (2) by removing the restriction that the delivery month for the underlying futures for such options must be the nearby March Quarterly month, as follows:

- (2) The underlying futures contracts for such options may be for delivery in any March Quarterly month for which both ES futures and SP futures are listed for trading at the time of trade execution, subject to the requirement that all such underlying futures contracts must be for the same delivery month.

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 following Core Principles may be impacted by this action, as follows:

- Core Principle 3 – Contracts Not Readily Subject to Manipulation  
Trading in the intermarket option spreads that are the subject of this certification is a trade practice that will be subject to CME Rulebook Chapters 4 and 7, which include prohibitions on manipulation, price distortion, and disruptions of the delivery or cash-settlement processes. As with all products listed for trading on one of CME Group’s designated contract markets, activity in such trade practice will be subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department.
- Core Principle 7 – Availability of General Information  
The Exchange shall publish the details of action certified herein by issuing a Special Executive Report (“SER”), which shall be made timely and publicly available on the Exchange website.

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

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<sup>1</sup> See Chicago Mercantile Exchange, *Trading of E-mini S&P 500 and regular S&P 500 Options Spread Submitted per Sec. 5c(c)(1) of the CEA and Regulation Sec. 40.6(a)*, CME Submission # 07-64, August 7, 2007, which is available at: <http://www.cftc.gov/stellent/groups/public/@ioindustryfilingsapplication/documents/selfcertifiedfiling/rul080707cme001.pdf>; and see

Chicago Mercantile Exchange, *Expansion of E-mini S&P 500® and regular S&P 500® Options Spread Submitted per Sec. 5c(c)(1) of the CEA and Regulation Sec. 40.6(a)*, CME Submission # 07-95, November 15, 2007, which is available at: <http://www.cftc.gov/stellent/groups/public/@ioindustryfilingsapplication/documents/selfcertifiedfiling/rul111507cme001.pdf>

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

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

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel