

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 18-134 (1 of 2)

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

Filing as a: **DCM** **SEF** **DCO** **SDR**

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 04/12/18 **Filing Description:** Amendments to the End-of-Month ("EOM") "Fair Value" Settlement Procedure Documents for Certain Equity 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:

April 12, 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 Amendments to the
End-of-Month (“EOM”) “Fair Value” Settlement Procedure Documents for Certain
Equity Index Futures Contracts.
CME Submission No. 18-134 (1 of 2)**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange, Inc. (“CME”) and the Board of Trade of the City of Chicago, Inc. (“CBOT”) (collectively, the “Exchanges”) are notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that they are self-certifying the End-of-Month (EOM) “Fair Value” Settlement Procedure Documents (the “Settlement Documents”) for certain CME and CBOT Equity Index contracts listed in Exhibits 1 and 2 below (the “Contracts”) effect Sunday, April 29, 2018, for trade date Monday, April 30, 2018.

Exhibit 1 – CME Contracts

CME Contract Title	Commodity Code(s)
E-mini Russell 1000 Index Futures	RS1
E-mini Russell 1000 Value Index Futures	RSV
E-mini Russell 1000 Growth Index Futures	RSG
E-mini S&P 500 Index Futures	ES
S&P 500 Index Futures	SP
E-mini NASDAQ 100 Index Futures	NQ
E-mini NASDAQ Composite Index Futures	QCN (ClearPort: QN, Clearing: QN)
E-mini NASDAQ Biotechnology Index Futures	BIO (ClearPort: BQ, Clearing: BQ)
S&P 500 Growth Index Futures	SG
S&P 500 Value Index Futures	SU
E-mini IPOX 100 U.S. Index Futures	IPO
E-mini S&P MidCap 400 Index Futures	EMD (ClearPort: ME, Clearing: ME)
E-mini S&P MLP Total Return Index Futures	SLP
E-mini S&P 600 Smallcap Index Futures	SMC
E-mini Financial Select Sector Futures	XAF

E-mini Utilities Select Sector Futures	XAU
E-mini Consumer Staples Select Sector Futures	XAP
E-mini Energy Select Sector Futures	XAE
E-mini Technology Select Sector Futures	XAK
E-mini Health Care Select Sector Futures	XAV
E-mini Materials Select Sector Futures	XAB
E-mini Industrial Select Sector Futures	XAI
E-mini Consumer Discretionary Select Sector Futures	XAY
E-mini S&P Real Estate Select Sector Index Futures	XAR
E-mini Russell 2000 Index Futures	RTY
E-mini Russell 2000 Growth Index Futures	R2G
E-mini Russell 2000 Value Index Futures	R2V

Exhibit 2 – CBOT Contracts

CBOT Contract Title	Commodity Code(s)
E-mini Dow (\$5) Index Futures	YM
Dow Jones Real Estate Index Futures	RX (ClearPort: JR, Clearing JR)

The Exchanges are amending the Settlement Procedure Documents for the Contracts to standardize methodology and to harmonize its application among the Contracts, and to increase transparency and clarity of the process.

Specifically, the Settlement Documents of the Contracts contain three (3) Tiers. Current and amended Tier 2 and 3 are described below. The substance of the methodology in Tier 1 shall remain unchanged. The Exchanges are amending the Settlement Documents in an effort to enhance the EOM Fair Value settlement methodology in order for futures settlements to further align with the underlying cash index when trading occurs during the settlement window as well as when trading does not occur during the settlement window. Specifically, in the amendment algorithm Tier 2 and Tier 3 are designed to address the scenarios when no trading occurs during the 30 second closing window. In this scenario the amended algorithm will derive settlements that better align with the underlying cash index.

Current Tiers 2 and 3:

Tier 2: if no transactions occur from 2:59:30 to 3:00:00 p.m., the fixing price shall be the average of the midpoints of each bid/ask spread in the designated lead month futures contract during that thirty (30) second interval; however, bid/ask spread pairs wider than two ticks, does not included in the calculation to determine the reference price.

Tier 3: if the fixing price cannot be determined pursuant to Tier 1 and 2, the fixing price will be calculated by applying the net change of the underlying index to the prior day's fixing price value.

Tiers 2 and 3 Effective on Trade Date Monday, April 30, 2018:

Lead Month

Tier 2: If no trades in the lead month occur on Globex between 14:59:30 and 15:00:00 CT, then the contract month settles to the midpoint of the Bid / Ask between 14:59:30 and 15:00:00 CT, the settlement period.

Tier 3: If a two-sided market is not available on Globex during the closing period, then the cash index will be used in the following Carry calculation to derive a settlement price.

Index price + [(Days to expiration/ 365) x Interest rate x Index price]

Second Month

When the lead month is the expiry month, then the second month is defined as the calendar month immediately following the lead month. When the lead month is not the expiry month, then the second month is defined as the first expiring non-lead month.

Tier 2: If there are no spread trades on Globex between 14:59:30 and 15:00:00 CT, then the last spread trade price is applied to the lead month settle to derive the second month settle.

If the last spread trade is outside of the spread's Bid / Ask, then the bid or ask price that is closer to the last spread trade is applied to the lead month settle to derive the second month settle.

Tier 3: If there is no spread market information available on Globex, then the cash index will be used in the following Carry calculation to derive a settlement price

Back Months

To derive settlements for all remaining months, the following Carry calculation will be used to derive a settlement prices provided that this value does not violate the bid or ask between 14:59:30 and 15:00:00 CT for the respective outrights.

Index price + [(Days to expiration/ 365) x Interest rate x Index price]

The Exchanges 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:

- **Availability of General Information**: The Exchanges will publish a Special Executive Report ("SER") to advise the marketplace of these amendments. The SER will also be posted on the CME Group website.
- **Execution of Transactions**: The amendments will further enable the Exchanges to continue their current practice of providing a competitive, open, and efficient market mechanism for executing transactions.

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

The Exchanges certify 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 e-mail CMEGSubmissionInquiry@cmegroup.com or contact the undersigned at (212) 299-2200.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A - Amended and Current Daily Settlement Procedure Documents
(under separate cover)