

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 21-070

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

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

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 02/19/21 **Filing Description:** Initial Listing of the Options on Standard and Poor's 500 Stock Price Index Futures – Quarterly PM (European-Style) Contract

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|--------------------------|-------------------------------------|------------|
| <input 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:

New Product

Please note only ONE product per Submission.

- | | | |
|-------------------------------------|---------------------------------------|------------|
| <input checked="" 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: See Filing

Rule Numbers: See Filing

February 19, 2021

VIA ELECTRONIC PORTAL

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

**Re: CFTC Regulation 40.2(a) Certification: Initial Listing of the Options on Standard and Poor's 500 Stock Price Index Futures – Quarterly PM (European-Style) Contract.
CME Submission No. 21-070**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) of the initial listing of the Options on the Standard and Poor's 500 Stock Price Index Futures – Quarterly PM (European-Style) contract (the “Contract”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort effective on Sunday, March 7, 2021 for trade date Monday, March 8, 2021.

Section 1 - Contract Specifications

Contract Title	Options on Standard and Poor's 500 Stock Price Index Futures – Quarterly PM (European-Style)
Commodity Code	CME Globex/CME ClearPort: YPC
Rulebook Chapter	351A
Underlying Futures Contract	Each option is exercisable into one Standard and Poor's 500 Stock Price Index Futures contract (Rulebook Chapter 351/Commodity Code: SP)
Trading Unit	\$250 x Standard and Poor's 500 Stock Price Index
Trading and Clearing Hours	CME Globex: Sunday - Friday 5:00 p.m. - 4:00 p.m. Central Time (CT) with a trading halt from 3:15 p.m. – 3:30 p.m. CT CME Globex Pre-Open: Sunday 4:00 p.m. - 5:00 p.m. CT, Monday - Friday 3:15 p.m. - 3:30 p.m. and 4:45 p.m. - 5:00 p.m. CT CME ClearPort: Sunday 5:00 p.m. – Friday 5:45 p.m. CT with no reporting Monday – Thursday 5:45 p.m. to 6:00 p.m. CT
Listing Schedule	Nearest four (4) contract months in the March Quarterly Cycle (Mar, Jun, Sep, Dec) Initial Listed Months: Mar 2021, June 2021, Sep 2021, Dec 2021
Termination of Trading	3:00 p.m. CT on the 3rd Friday of the contract month

Minimum Price Increment	Outrights: 0.10 Index points, equal to \$25.00 per contract for premium > 5 index points (\$1250.00) Reduced Tick: 0.05 Index points, equal to \$12.50 per contract for premium at or below 5 index points (\$1250.00)
Price Basis	Prices are quoted and traded in Index points.
Block Trade Minimum Threshold	50 contracts Reporting Window: RTH – 5 mins; ETH/ATH – 15 mins
Strike Price Listing Schedule	Strikes of 100, 200, 1100, 2100, 2200, 3100 and 4100 available for each contract month.
Exercise Procedure	European Style. An option can be exercised only on expiration day.
Settlement at Expiration	Option exercise results in a position in the underlying cash-settled futures contract. Options which are in-the-money on the last day of trading are automatically exercised. A 3:00 p.m. CT price fixing based on the weighted average traded price fixing (symbol ESF) of the E-mini Standard and Poor's 500 Stock Price Index Futures in the last 30 seconds of trading on expiration day (2:59:30 p.m.- 3:00:00 p.m. CT) will be used to determine which options are in-the-money. Contrary exercise instructions are prohibited.
Settlement Method	Deliverable
CME Globex Matching Algorithm	F: First In, First Out (FIFO)

Section 2 – Underlying Index

S&P 500 Index

The S&P 500 index is administered, calculated, and published by S&P Dow Jones Indices LLC (“S&P DJI”), a part of S&P Global Inc. Created in 1957, it was the first US market-capitalization-weighted stock price index. Index constituents include approximately 500 leading US companies and capture approximately 80% coverage of US market capitalization.

The index is reconstituted annually and rebalanced after close of trading in US equity markets on the third Friday of every March Quarterly month. Each index constituent firm must meet the following criteria at the time of such rebalancing¹.

Listing Universe	US company
Market Capitalization	At least \$9.8 bln
Tradable Supply	At least 10% of shares outstanding must be available for trading.
Financial Viability	Positive as-reported earnings, both for the most recent quarter and for the most recent four quarters in aggregate
Liquidity and Price	Highly tradable common stock, with active and deep markets.

¹ The following paragraphs on index methodology are adapted from S&P U.S. Indices Methodology, S&P Dow Jones Indices, January 2021, available via ‘Methodology’ at: <https://www.spglobal.com/spdji/en/index-family/equity/us-equity/us-market-cap/#overview>
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As of January 29, 2021, the index comprises 505 constituent firms, with aggregate market capitalization of \$33.0 trillion. The following statistics describe the distribution of index constituents in terms of their individual market capitalizations (in \$ mln)²:

Largest	2,243,558
Average	65,445
Median	25,919
Smallest	3,299

The largest single constituent signifies 6.7% of index weight. The largest 10 constituents represent 28.1% of index weight.

Section 3 – Non Narrow-Based Indexes

Pursuant to the Commodity Exchange Act (“CEA” or “Act”), the CFTC has exclusive jurisdiction over futures and options on futures based on non-narrow-based securities indexes. CEA Section 1a(35) provides certain criteria for determining whether an index is broad or narrow.

S&P 500 is a globally recognized securities benchmark and readily satisfies the requirements under the CEA for being deemed to be non-narrow-based securities indexes. Accordingly, the Contract, as an option on futures based on a non-narrow-based securities index, is subject to the exclusive jurisdiction of the CFTC.

Exhibit 1 – CEA Section 1a(35) Narrow-Based Index Tests for the Index

Quantiles of empirical distributions of daily measures of index characteristics, July 1, 2020 to December 31, 2020. (S&P 500 Stock Price Index = “S&P 500”)

	<i>Criterion (ii)</i>	<i>Criterion (iii)</i>	<i>Criterion (iv)</i>
	<i>Index weight of largest index component (%)</i>	<i>Aggregate index weight of largest 5 index components (%)</i>	<i>Trading volume of smallest index components aggregating to 25 pct of index weight (\$ billions / day)</i>
	S&P 500	S&P 500	S&P 500
<i>Maximum</i>	7.50%	22.57%	\$76.65
<i>75 Pctl</i>	6.70%	21.09%	\$21.40
<i>Median</i>	6.53%	20.78%	\$18.96
<i>25 Pctl</i>	6.40%	20.32%	\$17.36
<i>Minimum</i>	5.74%	19.86%	\$7.12

Data Source: Bloomberg LLC

The share of index weight occupied by the largest component stock, test results appear in the left-hand panel of Exhibit 1. The entire distribution of daily outcomes resides below the 30 percent threshold that would signify a narrow-based index. At no point does the index’s largest component stock account for more than 15 percent of Index weight.

The distribution of aggregate weight of the index’s largest five component stocks lies well below the 60 percent threshold that would characterize a narrow-based index. In no instance do the largest five members of the index account for more than 45 percent of index weight.

² All statistics referenced herein are drawn from the S&P 500® Factsheet as of January 29, 2021, S&P Dow Jones Indices, available at: <https://www.spglobal.com/spdji/en/indices/equity/sp-500/#overview>

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Summary statistics for distributions of trading volume demonstrate that the index is narrow-based. The test procedure is to rank each Index's component stocks from smallest market capitalization to largest, then to identify index components with smallest market capitalizations in sufficient number to account for 25 percent of Index weight. If the representative aggregate daily trading volume of such identified index components were less than \$30 million, then the index would be considered narrow-based.

The typical pace of such trading volume of the index consistently exceeds \$7.1 billion per day, two orders of magnitude beyond the test threshold.

Section 4 -- Compliance with Core Principles

The Exchange reviewed the designated contract market core principles ("DCM Core Principles") as set forth in the Act and identified that the following DCM Core Principles may be impacted as follows:

Core Principle 2 – Compliance with Rules

Trading in the Contract shall be subject to CME Rulebook Chapter 4, which in each case includes prohibitions against fraudulent, noncompetitive, unfair, and abusive practices. Additionally, trading in this Contract shall be subject to the Exchange's trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the CME Rulebook. Trading activity in this Contract shall be subject to monitoring and surveillance by CME Group's Market Regulation Department, which has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

Core Principle 3 – Contracts Not Readily Subject to Manipulation

The underlying reference indices of the Contract are sufficiently broad in definition and scope, and adequately large in terms of market capitalization and level of trading activity of Index constituents, to satisfy the requirement that such futures contract is not readily susceptible to attempted cornering, manipulation, crowding, or exertion of undue influence upon final settlements of expiring Contract.

As of January 29, 2021, the 505 component stocks of the S&P 500 Index represented aggregate market capitalization of \$33.05 trillion.

The final settlement price of the underlying futures contract and the underlying index are based entirely upon transaction prices or actionable price indications made competitively and transparently on organized primary listing exchanges, under the regulation of the SEC.

The final settlement price of an expiring month of the Contract is based on the weighted average traded price fixing (symbol ESF) for the E-mini Standard and Poor's 500 Stock Price Index Futures in the last 30 seconds of trading on expiration day (2:59:30 p.m.- 3:00:00 p.m. CT).

Core Principle 4 – Prevention of Market Disruption

Trading in the Contract shall be subject to the Rules of CME which include prohibitions on manipulation, price distortion, and disruption to the expiration and assignment process. As with any new product listed for trading on a CME Group designated contract market, trading activity in the Contract shall be subject to monitoring and surveillance by CME Group's Market Regulation Department.

As with any new product that is listed on a CME Group designated contract market and that references a broad-based index of US equity share prices, moreover, trading in the Contract shall be subject to price limits that are harmonized with the US equity market-wide limit-up-limit-down mechanism set forth in the "Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS under the Securities Exchange Act of 1934"³ and implemented under, e.g., New York Stock Exchange Rule 80B for Trading Halts Due to Extraordinary Volatility .

³ Exhibit A, Securities Exchange Act Release No 67091, 31 May 2012 (77 FR 33498, 6 June 2012), as amended from time to time (U.S. Securities and Exchange Commission, SRO Rulemaking, National Market System Plans, File 4-631).

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Core Principle 5 – Position Limits or Accountability

The Contract shall be subject to a Position Reporting Level of 100 contracts and an All-Month Position Limit of 60,000 contracts.

Index levels and market capitalizations as of January 29, 2021, exemplify the conservatism of these standards --

The S&P 500 Index closed at 3714.24, placing the notional value of a hypothetical 60,000 contract limit position in Standard and Poor's 500 Index futures at approximately \$55.7 billion (equal to (3714.24 Index points) x (\$250 per Index point per contract) x (60,000 contracts)). This signifies less than 0.17 percent of the Index closing market capitalization of \$33.05 trillion.

Core Principle 7 – Availability of General Information

The Exchange shall disseminate a Special Executive Report ("SER") that sets forth information with regard to specifications, terms, and conditions of the Contract. In addition to such SER, daily trading volume, open interest, and price information for the Contract shall be published on the CME Group website.

Core Principle 8 – Daily Publication of Trading Information

The Exchange shall publish trading volumes, open interest levels, and price information daily of the Contract on the CME Group website and through quote vendors.

Core Principle 9 – Execution of Transactions

The Contract will be listed for trading on the CME Globex electronic trading platform and for submission of clearing via CME ClearPort. CME Globex provides for competitive and open execution of transactions and affords the benefits of reliability and global connectivity.

Core Principle 10 – Trade Information

All requisite trade information shall be included in the audit trail and will suffice for the Market Regulation Department to monitor for market abuse.

Core Principle 11 – Financial Integrity of Transactions

The Contract shall be cleared by CME Clearing, which is registered with the Commission as a derivative clearing organization, and which is subject to all CFTC regulations related thereto.

Core Principle 12 – Protection of Markets and Market Participants

Chapters 4 and 5 in the CME Rulebook set forth multiple strictures that preclude intermediaries from disadvantaging their customers. These Rules apply to trading in the Exchange's competitive trading venue and will apply to transactions in the Contract.

Core Principle 13 – Disciplinary Procedures

Chapter 4 of the CME Rulebook provide for the Exchange to discipline, suspend, or expel members or market participants who violate the rules of the Exchange. Trading in the Contract shall be subject to these provisions. The Exchange's Market Regulation Department has the authority to exercise its powers of enforcement, in the event that rule violations in the Contract are identified.

Core Principle 14 – Dispute Resolution

Disputes in respect of the Contract shall be subject to the arbitration provisions set forth in Chapter 6 of both the CME Rulebook, which allow all nonmembers to submit to arbitration claims for financial loss resulting from transactions on the Exchange. Pursuant to these provisions, any member named as a respondent in any such claim submitted by a nonmember is required to participate in arbitration proceedings. Additionally, the Exchange requires members to resolve via arbitration all disputes concerning transactions on the Exchange.

The Exchange hereby certifies that listing the Contract complies with the Act, including regulations under the Act. There were no substantive opposing views to this 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.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A Amendments to CME Rulebook Chapter 351A (blackline format)
Appendix B Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebooks (attached under separate cover)
Appendix C CME Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table
Appendix D CME Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table
Appendix E Exchange Fees

APPENDIX A CME Rulebook

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

Chapter 351A

Options on Standard and Poor's 500 Stock Price Index™ Futures

351A00. SCOPE OF CHAPTER

This chapter is limited in application to options on Standard and Poor's 500 Stock Price Index™ futures ("S&P 500 Index futures" or "futures"). In addition to this chapter, options on futures shall be subject to the general rules and regulations of the Exchange as applicable.

Unless otherwise specified, times referenced herein shall refer to and indicate Chicago time.

351A00.A. Primary Listing Exchange

For the purposes of this chapter a Primary Listing Exchange shall be as defined in the "Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS Under the Securities Exchange Act of 1934" approved 31 May 2012 by the U.S. Securities and Exchange Commission ("SEC"), as amended from time to time (SEC, SRO Rulemaking, National Market System Plans, File 4-631).

351A00.B. Regulatory Halt

For the purposes of this chapter a Regulatory Halt shall be as defined in the "Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS Under the Securities Exchange Act of 1934" approved 31 May 2012 by the SEC, as amended from time to time (SEC, SRO Rulemaking, National Market System Plans, File 4-631) and as implemented under New York Stock Exchange Rule 7.12 for Trading Halts Due to Extraordinary Volatility or under Nasdaq Stock Market Rule 4121 for Trading Halts Due to Extraordinary Volatility.

351A01. OPTIONS CHARACTERISTICS

351A01.A. Contract Months, Trading Hours, and Trading Halts

Options shall be listed for expiration on such dates and shall be scheduled for trading during such hours as may be determined by the Exchange, *provided that* there shall be no trading in options-when trading is halted in the Primary Futures Contract Month for S&P 500 Index futures pursuant to Rule 35102.I.

In accordance with Rule 35102.I. the Exchange shall determine, in its sole discretion, the futures delivery month that represents such Primary Futures Contract.

351A01.B. Trading Unit

The trading unit shall be an option to buy in the case of a call, or to sell in the case of a put, one S&P 500 Index futures contract (Chapter 351).

351A01.C. Minimum Fluctuations

Option prices shall be quoted in Index points. Each Index point shall represent \$250.00 per option contract.

Subject to Rules 351A01.C.1. and 351A01.C.2., the minimum price fluctuation shall be 0.10 Index points (equal to \$25.00 per option contract), *provided that* trades at price levels equal to or less than 5.00 Index points may occur at price levels that are integer multiples of 0.05 Index points (equal to \$12.50 per option contract), and *provided that* trade may occur at a price level of 0.05 Index points irrespective of whether such trade results in the liquidation of positions for both parties to such trade.

1. Option Spreads and Combinations

Any option contract that trades as a component of a spread or combination shall be traded at a price that conforms to the applicable minimum price fluctuation as set forth in this Rule 351A01.C., *provided that*:

For any option spread or combination traded on the CME Globex electronic trading platform at a net premium of 5.00 Index points or less, each option contract comprised within such spread or combination may trade in price increments of 0.05 Index points; and

For any option spread or combination that is executed in open outcry, or as a privately negotiated block trade pursuant to Rule 526., or as a privately negotiated Exchange for Related Position transaction pursuant to Rule 538., at a net premium of 10.00 Index points or less, each option contract comprised

within such spread or combination may trade in price increments of 0.05 Index points.

2. Option Box Spreads

For any option box spread the minimum fluctuation in net premium shall be 0.05 Index points. For the purpose of this Rule, an option box spread shall be defined to comprise four (4) option contracts representing two (2) distinct Exercise Price levels (Rule 351A01.E.), such that (i) one call option is bought, and one put option is sold, at one such Exercise Price level, and (ii) one call option is sold, and one put option is bought, at the second such Exercise Price level, and (iii) all four option contracts expire on the same expiration date (Rule 351A01.I.).

351A01.D. Underlying Futures Contract

1. American Style Options in the March Quarterly Cycle (“Quarterly options”)

For any American style option for which the expiration month is in the March quarterly cycle (i.e., March, June, September, or December), the Underlying Futures Contract shall be for delivery in such option’s expiration month.

Example: For a given year, futures for delivery in March shall be the Underlying Futures Contract for a March Quarterly option.

2. European Style Weekly Options

For any European style Weekly option, the Underlying Futures Contract shall be for delivery on the third Friday of the March quarterly cycle month next following such option’s expiration, subject to Rule 35103.A.

Examples: For a given year, futures for delivery in June shall be the Underlying Futures Contract for third (3rd) March, fourth (4th) March, first (1st) April, second (2nd) April, third (3rd) April, fourth (4th) April, first (1st) May, second (2nd) May, third (3rd) May, fourth (4th) May, first (1st) June, and second (2nd) June European style Weekly options. Futures for delivery in September shall be the Underlying Futures Contract for third (3rd) June and fourth (4th) June European style Weekly options.

The Exchange shall not list a European style Weekly option for trading in any instance where such option’s expiration would occur on the last Business Day of a month.

3. European Style Wednesday Weekly Options

For any European style Wednesday Weekly option, the Underlying Futures Contract shall be for delivery on the third Friday of the March quarterly cycle month next following such option’s expiration, subject to Rule 35103.A.

The Exchange shall not list a European style Wednesday Weekly option for trading in any instance where such option’s expiration would occur on the last Business Day of a month.

4. European Style Monday Weekly Options

For any European style Monday Weekly option, the Underlying Futures Contract shall be for delivery on the third Friday of the March quarterly cycle month next following such option’s expiration, subject to Rule 35103.A.

The Exchange shall not list a European style Monday Weekly option for trading in any instance where such option’s expiration would occur on the last Business Day of a month.

5. European Style End-of-Month Options

For any European style End-of-Month option, the Underlying Futures Contract shall be for delivery on the third Friday of the March quarterly cycle month next following such option’s expiration, subject to Rule 35103.A.

Examples: For a given year, futures for delivery in March shall be the Underlying Futures Contract for a January European style End-of-Month option and for a February European style End-of-Month option. Futures for delivery in June shall be the Underlying Futures Contract for a March European style End-of-Month option.

6. European Style Quarterly PM Options

For any European Style Quarterly PM option, the Underlying Futures Contract shall be for delivery on the third Friday of the March quarterly cycle month next following such option’s expiration, subject to Rule 35103.A.

Examples: For a given year, futures for delivery in June shall be the Underlying Futures Contract for a March European Style Quarterly PM option.

351A01.E. Exercise Prices

1. Regularly-Listed Exercise Prices

On any Business Day, the Exchange shall ensure that all Quarterly (Rule 351A01.D.1), European Style Weekly (Rule 351A01.D.2), European Style Wednesday Weekly (Rule 351A01.D.3), European Style

Monday Weekly (Rule 351A01.D.4), and European Style End-of-Month (Rule 351A01.D.5) put and call options that are exercisable into a given Underlying Futures Contract are listed for trading at all eligible exercise prices as follows:

100 Point Exercise Prices

All exercise price levels that are integer multiples of 100 Index points (e.g., 2300, 2400, 2500) and that lie within a range from 50 percent below to 30 percent above the daily settlement price of such Underlying Futures Contract for the first preceding Business Day.

50 Point Exercise Prices

All exercise price levels that are integer multiples of 50 Index points (e.g., 2400, 2450, 2500) and that lie within a range from 40 percent below to 20 percent above the daily settlement price of such Underlying Futures Contract for the first preceding Business Day.

10 Point Exercise Prices

As of the Business Day on which such Underlying Futures Contract becomes the futures contract that is second-nearest to delivery in the March quarterly cycle (Rule 351A01.D.1.), and on any Business Day thereafter until the expiration of such options, all exercise price levels that are integer multiples of 10 Index points (e.g., 2480, 2490, 2500) and that lie within a range from 25 percent below to 10 percent above the daily settlement price of such Underlying Futures Contract for the first preceding Business Day.

5 Point Exercise Prices

As of the Business Day on which such put and call options have 35 or fewer calendar days until expiration, and on any Business Day thereafter until the expiration of such options, all exercise price levels that are integer multiples of 5 Index points (e.g., 2490, 2495, 2500) and that lie within a range from 15 percent below to 5 percent above the daily settlement price of such Underlying Futures Contract for the first preceding Business Day.

New options may be listed for trading on any Business Day up to and including the termination of trading in such options.

2. Dynamically-Listed Exercise Prices

Upon demand and at the discretion of the Exchange, [a Quarterly \(Rule 351A01.D.1.\), European Style Weekly \(Rule 351A01.D.2.\), European Style Wednesday Weekly \(Rule 351A01.D.3.\), European Style Monday Weekly \(Rule 351A01.D.4.\), or European Style End-of-Month \(Rule 351A01.D.5.\)](#) an option with an out-of-current-range exercise price may be listed for trading as a User-Defined Instrument, on an as-soon-as-possible basis, provided that the exercise price of such option shall be an integer multiple of 5 Index points.

[3. European Style Quarterly PM Options Exercise Prices](#)

[On any Business Day, the Exchange shall ensure that all European Style Quarterly PM \(Rule 351A01.D.6.\) put and call options that are exercisable into a given Underlying Futures Contract are listed for trading with the following exercise prices: 100, 200, 1100, 2100, 2200, 3100 and 4100. At the discretion of the Exchange, additional exercise prices may be listed with an integer multiple of 100 Index points.](#)

The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

351A01.F. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

351A01.G. Nature of Options

Upon exercise of a put option by the buyer of such option, the seller of such option shall incur the obligation to assume a long position in one Underlying Futures Contract (Rule 351A01.D.) at such option's exercise price (Rule 351A01.E.). Upon exercise of a call option by the buyer of such option, the seller of such option shall incur the obligation to assume a short position in one Underlying Futures Contract at such option's exercise price.

1. Quarterly Options

The buyer of a Quarterly option (Rule 351A01.D.1.) may exercise such option at any time prior to its expiration.

2. All Options Excluding Quarterly Options [in Rule 351A01.D.1.](#)

The buyer of a European style Weekly option (Rule 351A01.D.2.), or a European style Wednesday Weekly option (Rule 351A01.D.3.), or a European style Monday Weekly option (Rule 351A01.D.4.) or a European style End-of-Month option (Rule 351A01.D.5.), [or a European Style Quarterly PM option \(Rule 351A01.D.6.\)](#) may exercise such option only at its expiration.

351A01.H. [Reserved]

351A01.I. Termination of Trading

1. Quarterly Options

Trading in any Quarterly option shall terminate on the same date and at the same time as the termination of trading in such option's Underlying Futures Contract (Rule 351A01.D.1.).

2. European Style Weekly Options

Trading in any European style Weekly option shall terminate at 3:00 p.m., or at noon in the case of an early scheduled close of the Primary Listing Exchange (Rule 351A00.A.), on the Friday designated by the Exchange as such option's expiration date. For a given calendar month:

Trading shall terminate in European style First Weekly options, and such options shall expire, on the first Friday of such month.

Trading shall terminate in European style Second Weekly options, and such options shall expire, on the second Friday of such month.

Trading shall terminate in European style Third Weekly options, and such options shall expire, on the third Friday of such month.

Trading shall terminate in European style Fourth Weekly options, and such options shall expire, on the fourth Friday of such month.

If such Friday is not a scheduled Business Day, then trading in expiring options shall be scheduled to terminate on the Business Day first preceding such Friday, *provided that* the Exchange shall not list European style Weekly options for trading in any such instance where the Business Day first preceding such Friday would be the last Business Day of the preceding calendar month (in accord with Rule 351A01.D.2.).

If the market in the Underlying Futures Contract for such option does not open on the day scheduled for termination of option trading and for option expiration, then trading in such option shall terminate, and such option shall expire, on the next day on which the market in such Underlying Futures Contract is open for trading.

3. European Style Wednesday Weekly Options

Trading in any European style Wednesday Weekly option shall terminate at 3:00 p.m., or at noon in the case of an early scheduled close of the Primary Listing Exchange (Rule 351A00.A.), on the Wednesday designated by the Exchange as such option's expiration date. For a given calendar month:

Trading shall terminate in European style First Wednesday Weekly options, and such options shall expire, on the first Wednesday of such month.

Trading shall terminate in European style Second Wednesday Weekly options, and such options shall expire, on the second Wednesday of such month.

Trading shall terminate in European style Third Wednesday Weekly options, and such options shall expire, on the third Wednesday of such month.

Trading shall terminate in European style Fourth Wednesday Weekly options, and such options shall expire, on the fourth Wednesday of such month.

Trading shall terminate in European style Fifth Wednesday Weekly options, and such options shall expire, on the fifth Wednesday of such month.

If such Wednesday is not a scheduled Business Day, then trading in expiring options shall be scheduled to terminate on the Business Day first preceding such Wednesday, *provided that* the Exchange shall not list European style Wednesday Weekly options for trading in any such instance where the Business Day first preceding such Wednesday would be the last Business Day of the preceding calendar month (in accord with Rule 351A01.D.3.).

If the market in the Underlying Futures Contract for such option does not open on the day scheduled for termination of option trading and for option expiration, then trading in such option shall terminate, and

such option shall expire, on the next day on which the market in such Underlying Futures Contract is open for trading.

4. European Style Monday Weekly Options

Trading in any European style Monday Weekly option shall terminate at 3:00 p.m., or at noon in the case of an early scheduled close of the Primary Listing Exchange (Rule 351A00.A.), on the Monday designated by the Exchange as such option's expiration date. For a given calendar month:

Trading shall terminate in European style First Monday Weekly options, and such options shall expire, on the first Monday of such month.

Trading shall terminate in European style Second Monday Weekly options, and such options shall expire, on the second Monday of such month.

Trading shall terminate in European style Third Monday Weekly options, and such options shall expire, on the third Monday of such month.

Trading shall terminate in European style Fourth Monday Weekly options, and such options shall expire, on the fourth Monday of such month.

Trading shall terminate in European style Fifth Monday Weekly options, and such options shall expire, on the fifth Monday of such month.

If such Monday is not a scheduled Business Day, then trading in expiring options shall be scheduled to terminate on the Business Day next following such Monday, provided that the Exchange shall not list European style Monday Weekly options for trading in any such instance where the Business Day next following such Monday would be the last Business Day of the calendar month (in accord with Rule 351A01.D.4.).

If the market in the Underlying Futures Contract for such option does not open on the day scheduled for termination of option trading and for option expiration, then trading in such option shall terminate, and such option shall expire, on the next day on which the market in such Underlying Futures Contract is open for trading.

5. European Style End-Of-Month Options

Trading in any European style End-of-Month option shall terminate at 3:00 p.m., or at noon in the case of an early scheduled close of the Primary Listing Exchange (Rule 351A00.A.), on the last Business Day of such option's expiration month.

If the market in the Underlying Futures Contract for such option does not open on the day scheduled for termination of option trading, then trading in such option shall terminate, and such option shall expire, on the next day on which the market in such Underlying Futures Contract is open for trading.

6. European Style Quarterly PM Options

Trading in any European Style Quarterly PM option shall terminate at 3:00 p.m., or at noon in the case of an early scheduled close of the Primary Listing Exchange (Rule 351A00.A.), on the day on which the final settlement price of the Futures Contract Month immediately preceding such option's Underlying Futures Contract is scheduled to be determined.

If the market in the Underlying Futures Contract for such option does not open on the day scheduled for termination of option trading, then trading in such option shall terminate, and such option shall expire, on the next day on which the market in such Underlying Futures Contract is open for trading.

7.6. Unscheduled Market Holiday

Notwithstanding the aforementioned, if the Primary Listing Exchange (Rule 351A00.A.) is closed in observance of an unscheduled market holiday on a day previously scheduled as a Business Day, then trading in option contracts that had been scheduled to expire on such day shall terminate, and such option contracts shall expire, on the Business Day immediately preceding such unscheduled market holiday.

351A01.J. [Reserved]

351A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of options.

351A02.A. Exercise

1. Quarterly Options

Any Quarterly option (Rule 351A01.D.1.) may be exercised by the buyer on any Business Day prior to

and including such option's Expiration Date. To exercise such option, the clearing member representing the option buyer shall present an exercise notice to the Clearing House by 5:30 p.m., or by such other time as the Exchange may designate, on the day of exercise.

Any unexercised option shall expire at 5:30 p.m. on the day scheduled for determination of the Final Settlement Price (Rule 35103.A.) of such option's Underlying Futures Contract. Any option that is in the money, and that has not been liquidated or exercised prior to its termination of trading, shall be exercised automatically upon expiration, in the absence of contrary instructions. Such contrary instructions must be delivered to the Clearing House by the clearing member representing the buyer of such option no later than 5:30 p.m., or at such other time on such option's Expiration Date as may be designated by the Exchange.

An expiring call option shall be in the money if the Final Settlement Price of such option's Underlying Futures Contract (Rule 351A01.D.) on such option's Expiration Date is strictly above such option's exercise price, and shall be out of the money if such Final Settlement Price is at or below such option's exercise price.

An expiring put option shall be in the money if the Final Settlement Price of such option's Underlying Futures Contract on such option's Expiration Date is strictly below such option's exercise price, and shall be out of the money if such Final Settlement Price is at or above such option's exercise price.

2. All Options Excluding Quarterly Options [in Rule 351A01.D.1.](#)

Any European style Weekly option (Rule 351A01.D.2.), or European style Wednesday Weekly option (Rule 351A01.D.3.), or European style Monday Weekly option (Rule 351A01.D.4.), or European style End-of-Month option (Rule 351A01.D.5.) [or European Style Quarterly PM option \(Rule 351A01.D.6.\)](#) may be exercised only at, and not before, the expiration of such option. Following the termination of trading in expiring options, any such option that is in the money shall be automatically exercised by the Clearing House, and any such option that is out of the money shall be abandoned by the Clearing House. For the avoidance of doubt, no such option that expires in the money may be abandoned, and no such option that expires out of the money may be exercised.

Whether an option expires in the money or out of the money shall be determined by the Exchange by reference to the Fixing Price of the CME E-mini Standard and Poor's 500 Stock Price Index ("E-mini S&P 500") futures contract (Chapter 358) for the same delivery month as such option's Underlying Futures Contract (Rule 351A01.D.). Such Fixing Price shall be determined by the Exchange in accordance with Rule 358A02.A.2. on the last day of trading in such option (Rule 351A01.I.).

If, at the time such Fixing Price is scheduled to be calculated, the Primary Listing Exchange (Rule 351A00.A.) is subject to a Regulatory Halt (Rule 351A00.B.), and the Primary Futures Contract Month is limit offered at the maximum price limit permissible during such Regulatory Halt pursuant to Rule 35102.I., then (a) such option shall expire at 8:31 a.m. on the next following Business Day on which a Regulatory Halt is not in effect, and (b) the Fixing Price for such option shall be calculated in accordance with the corresponding provisions of Rule 358A02.A.2.

An expiring call option shall be in the money if the corresponding Fixing Price is strictly above such option's exercise price, and shall be out of the money if the corresponding Fixing Price is at or below such option's exercise price.

An expiring put option shall be in the money if the corresponding Fixing Price is strictly below such option's exercise price, and shall be out of the money if the corresponding Fixing Price is at or above such option's exercise price.

351A02.B. Assignment

For a given option contract, an exercise notice accepted by the Clearing House in accordance with Rules 351A02.A. shall be assigned by the Clearing House through a process of random selection to clearing members carrying open short positions in such option contract. A clearing member to whom such exercise notice has been assigned shall be notified thereof as soon as practicable following such assignment.

The clearing member to whom such exercise notice has been assigned shall be assigned a short position in such option's Underlying Futures Contract (Rules 351A01.D.) if such option is a call, or a long position in such option's Underlying Futures Contract if such option is a put. The clearing member representing the option buyer making exercise shall be assigned a long position in such option's Underlying Futures Contract if such option is a call, or a short position in such option's Underlying Futures Contract if such option is a put.

All such futures positions shall be assigned at a price equal to the exercise price of such option contract, and shall be marked to market (in accordance with Rule 814) on the Business Day on which the Clearing

House accepts such exercise notice.

351A03. [RESERVED]

351A04. CORRECTIONS TO OPTION EXERCISES

Corrections to option exercises may be accepted by the Clearing House after 5:30 p.m. and up to the beginning of final option expiration processing (in accord with Rules 351A02.A.), *provided that* such corrections are necessary due to: (1) a bona fide clerical error, (2) unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to 5:30 p.m. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

351A05.-29. [RESERVED]

FLEXIBLE OPTIONS

351A30. SCOPE OF FLEXIBLE OPTIONS RULES

For the purposes of the following Rules 351A30.-38. in respect of flexible options on Standard and Poor's 500 Stock Price Index futures ("flexible options"), standard options shall be as defined by the foregoing Rules 351A01.-29.

Unless otherwise noted below, the following flexible options rules supersede the standard option regulations presented in the earlier part of this chapter.

351A31. FLEXIBLE OPTIONS CHARACTERISTICS

351A31.A. Nature of Flexible Contracts

Flexible options on futures shall be permitted, provided that no such flexible option shall have the same Underlying Futures Contract (Rule 351A01.D.), and the same Exercise Price (Rule 351A01.E.), and the same exercise style, and the same Termination of Trading (Rule 351A01.I.) as any standard option that is concurrently listed for trading. For the avoidance of doubt, a flexible option shall be permitted to have the same Underlying Futures Contract, same Exercise Price, same exercise style, and same Termination of Trading as any standard option that is not concurrently listed for trading.

If and when a standard option is listed with terms and conditions identical to a flexible option previously opened for trading, then such option contract shall be traded only as a standard option and shall be subject to all trading requirements applicable to standard options. Upon the listing of such standard option, all open positions previously established in such flexible option, subject to flexible option trading procedures, shall become fully fungible with transactions in such standard option for all purposes under these Rules.

351A31.B. Trading Unit

The minimum size for requesting a quote for, or for trading in, a flexible option shall be 10 contracts, where each contract represents an option to buy, in the case of a call, or to sell, in the case of a put, one S&P 500 Index futures contract (Chapter 351), provided that a party may request a quote for, or may trade, fewer than 10 contracts in order to entirely close out a position in such flexible option.

Any respondent to a request for quote for a flexible option must be willing to trade at least 10 contracts, provided that such respondent may trade fewer than 10 contracts in order to entirely close out a position in such flexible option.

351A31.C. Minimum Fluctuations

Minimum price fluctuations for flexible options must conform to standards set forth in Rule 351A01.C.

351A31.D. Underlying Futures Contracts

The Underlying Futures Contract for a flexible option must be listed for trading (Chapter 351).

351A31.E. Exercise Prices

The exercise price of any flexible option must be an integer multiple of 0.10 Index points (e.g., 400.00, 400.10, 400.20). Such exercise price shall be no less than 0.10 Index points and no greater than 9999.90 Index points.

351A31.F. Position Limits, Exemptions, Position Accountability and Reportable Levels

(Refer to Rule 351A01.F.)

351A31.G. [Reserved]

351A31.H. [Reserved]

351A31.I. Termination of Trading

A flexible option may be specified to expire on any Business Day prior to and including the day scheduled for determination of the Final Settlement Price of such flexible option's Underlying Futures Contract (Rule 351A31.D.).

Trading in any flexible option shall terminate at the close of trading on such option's specified expiration date, provided that if a flexible option is specified to expire on the day scheduled for determination of the Final Settlement Price of such option's Underlying Futures Contract, then trading in such flexible option shall terminate at the same time as the close of trading in such Underlying Futures Contract on the Business Day first preceding such flexible option's specified expiration date.

Notwithstanding the aforementioned, if the Primary Listing Exchange (Rule 351A00.A.) is closed in observance of an unscheduled market holiday on a day previously scheduled as a Business Day, then trading in flexible option contracts that had been scheduled to expire on such day shall terminate, and such option contracts shall expire, on the Business Day immediately preceding such unscheduled market holiday.

In the event that the market in the Underlying Futures Contract for such flexible option does not open on the day scheduled for termination of option trading, trading in such option shall terminate on the next Business Day on which the market in such Underlying Futures Contract is open for trading.

A flexible option contract may be opened for trading, and may be traded, on its last day of trading.

351A31.J. [Reserved]

351A32. FLEXIBLE OPTIONS EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on S&P 500 Stock Price Index futures.

351A32.A. Exercise of Flexible Options by Buyer

Flexible options may be specified for either American style exercise or European style exercise. A flexible option for American style exercise may be exercised by the option buyer on any Business Day that such option may be traded. A flexible option for European style exercise can be exercised by the option buyer only upon expiration.

To exercise any flexible option, the clearing member representing the buyer shall present an exercise notice to the Clearing House no later than 5:30 p.m. on the day of exercise.

Any unexercised flexible option shall expire at 5:30 p.m. on such option's specified expiration date. Any flexible option that is in the money, and that has not been liquidated or exercised prior to its termination of trading, shall be exercised automatically upon expiration, in the absence of contrary instructions. Such contrary instructions must be delivered to the Clearing House, by the clearing member representing the buyer of such option, no later than 5:30 p.m., or such other time as may be designated by the Exchange, on the last day of trading in such option.

351A32.B. Assignment

For a given flexible option contract, an exercise notice accepted by the Clearing House (Rule 351A32.A.) shall be assigned by the Clearing House in accordance with Rule 351A02.B.

351A33. [RESERVED]

351A34. INITIATING A FLEXIBLE OPTIONS CONTRACT SERIES

The opening of trading in any flexible option shall occur through a Request for Quote ("RFQ") for such option, *provided that* no such RFQ shall be accepted by the designated flexible options pit official (a) within 15 minutes of the scheduled daily close of trading in such flexible option's Underlying Futures Contract or (b) within 15 minutes of termination of trading in such option's Underlying Futures Contract.

351A35. [RESERVED]

351A36. RFQ TRADING INTERVAL

Upon acceptance of an RFQ for a flexible option by the designated flexible options pit official in accordance with Rule 351A34., trading in such flexible option may occur immediately.

Priority among multiple RFQs shall be determined by the order in which such RFQs are submitted to the designated flexible options pit official, provided that all RFQs submitted before the open shall be treated equally.

351A37. EXPIRATION OF AN RFQ

Following an RFQ for a flexible option within a given trading session, trading in such flexible option shall remain open for the remainder of such trading session. Trading in a given flexible option series following a transaction in such option series shall remain open through the remainder of the trading session in which such transaction was executed and through each subsequent session in which there is open interest in such flexible option series.

351A38. REPORTING OF FLEXIBLE OPTIONS TRADES

The parties to any trade in a flexible option shall be responsible to report timely the quantity and price of such trade to the designated flexible options pit official.

(End Chapter 351A)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 351A

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Appendix B

CME Rulebook

**Chapter 5
("Trading Qualifications and Practices")**

Position Limit, Position Accountability, and Reportable Level Table

(attached under separate cover)

Appendix C

CME Rulebook

Chapter 5

(“Trading Qualifications and Practices”)

Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table

(additions underlined)

		Outrights
Instrument	Globex Symbol	Globex Non-Reviewable Ranges (NRR) NRR: Globex Format NRR: Minimum Ticks
<u>Options on Standard and Poor's 500 Stock Price Index Futures - Quarterly PM (European-Style)</u>	<u>YPC</u>	<u>The greater of the following:</u> <ul style="list-style-type: none"> •<u>Delta multiplied by the underlying futures non-reviewable range</u> •<u>20% of premium up to ¼ of the underlying futures non-reviewable range</u> •<u>2 ticks</u>

Appendix D

CME Rulebook

Chapter 5

("Trading Qualifications and Practices")

Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table

(additions underlined)

Product	Rulebook Chapter	Commodity Code	Primary/Associated	Associated With	Daily Price Limit	Dynamically Calculated Variant (Excluding Regular Trading Hours)
<u>Options on Standard and Poor's 500 Stock Price Index Futures - Quarterly PM (European-Style)</u>	<u>351A</u>	<u>YPC</u>	<u>Associated</u>	<u>SP</u>	<u>Daily Price Limit Table</u>	

Appendix E

Exchange Fees

Membership Type	Venue/Transaction Type	Exchange Fee
Individual Members Clearing Members Rule 106.J Equity Member Firms & Rule 106.J Qualified Subsidiaries Rule 106.I Members & Rule 106.I Qualified Affiliates Rule 106.S Member Approved Funds	CME Globex	\$0.72
	EFP	\$0.97
	EFR	\$0.97
	Block	\$0.97
	Delivery	\$0.22
	Exe Asn Future From	\$0.27
Rule 106.D Lessees Rule 106.F Employees	CME Globex	\$0.95
	EFP	\$1.20
	EFR	\$1.20
	Block	\$1.20
	Delivery	\$0.45
	Exe Asn Future From	\$0.50
Rule 106.R Electronic Corporate Members (For other than CME Globex - Non-Member rates apply)	CME Globex	\$1.00
Rule 106.H and 106.N Firms Clearing Non-Equity Member Firms	CME Globex	\$1.00
	EFP	\$1.35
	EFR	\$1.35
	Block	\$1.35
	Delivery	\$0.60
	Exe Asn Future From	\$0.65
International Incentive Program (IIP) and International Volume Incentive Program (IVIP) Participants	CME Globex	\$1.01
CBOE Members (For S&P products only; for all other products - Non-Member rates apply)	CME Globex	\$1.40
	EFP	\$1.46
	EFR	\$1.46
	Block	\$1.46
	Delivery	\$0.71
	Exe Asn Future From	\$0.76
Members Trading Outside of Division (For other than CME Globex During ETH - Non-Member rates apply)	CME Globex During ETH Only	\$1.31
Non-Members	CME Globex	\$1.50
	EFP	\$1.56
	EFR	\$1.56
	Block	\$1.56
	Delivery	\$0.81
	Exe Asn Future From	\$0.86

Processing Fees	Fee
106.D Lessee/106.H Brokerage	\$0.13
106.F Employee Brokerage	\$0.13
Floor / "New" Brokerage	\$0.04
Position Adjustment/Position Transfer	\$0.10
Give-Up Surcharge	\$0.05
Facilitation Fee	\$0.40