

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 17-080 (3 of 10)

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

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

**Please note - only ONE choice allowed.**

**Filing Date (mm/dd/yy):** 03/16/2017 **Filing Description:** Initial Listing of Monday Weekly Options on the E-mini Standard and Poor's Stock Price Index Futures and Standard and Poor's 500 Stock Price 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:**

**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

**Official Product Name:** See filing.

**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:**

March 16, 2017

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
3 Lafayette Center  
1155 21<sup>st</sup> Street NW  
Washington, DC 20581

**Re: CFTC Regulation 40.2(a) Notification Regarding the Initial Listing of Monday Weekly Options on the E-mini Standard and Poor's Stock Price Index Futures and Standard and Poor's 500 Stock Price Index Futures Contracts.  
CME Submission No. 17-080 (3 of 10)**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the initial listing of Monday Weekly Options on the E-mini Standard and Poor's Stock Price Index Futures and Standard and Poor's 500 Stock Price Index Futures contracts (collectively the "Contracts") for trading on CME Globex and for submission for clearing via CME ClearPort effective on Sunday, April 2, 2017 for trade date Monday, April 3, 2017.

- Section 1 summarizes the Contracts' specifications.
- Section 2 describes administration and governance of the Contracts.
- Section 3 establishes that the Contracts are not narrow-based according to standards set forth Section 1a(25) of the Commodity Exchange Act ("CEA" or "Act").
- Section 4 delineates standards for block trading in the Contracts.
- Section 5 addresses compliance of CME Rules and Rule amendments certified herein with the pertinent Core Principles for Designated Contract Markets ("Core Principles") set forth in the Act.

Appendix A sets forth the product chapters of the Contracts. Appendix B addresses Contract position limits and reportable position levels pursuant to CME Rulebook Chapter 5. Appendixes C and D, respectively, set forth CME Globex non-reviewable trading ranges as prescribed in CME Rule 588.H., and special price fluctuation limits pursuant to CME Rule 589. Appendix E sets forth the Exchange Fee schedule.

## Section 1 – Contract Specifications

### Monday Weekly Options on Standard and Poor's 500 Stock Price Index Futures

Contract Unit	One quarterly S&P 500 futures contract	
Minimum Price Fluctuation	REDUCED TICK	0.05= \$12.50 for premium ≤ 5.00
	CAB	0.05=\$12.50
	OUTRIGHT	0.10=\$25.00 for premium >5.00
Trading and Clearing Hours	CME Globex:	Sunday - Friday 6:00 p.m. - 5:00 p.m. Eastern Time/ET (5:00 p.m. - 4:00 p.m. Central Time/CT) with 15-minute trading halt Monday – Friday 4:15 p.m. - 4:30 p.m. ET (3:15 p.m. - 3:30 p.m. CT). Monday - Thursday 5:00 p.m. - 6:00 p.m. ET (4:00 p.m. - 5:00 p.m. CT) daily maintenance period.
	Open Outcry:	Monday - Friday 9:30 a.m. -4:15 p.m. ET (8:30 a.m. -3:15 p.m. CT)
	CME ClearPort:	Sunday - Friday 6:00 p.m. - 5:00 p.m. ET (5:00 p.m. - 4:00 p.m. CT). Monday - Thursday 5:00 p.m. - 6:00 p.m. New York Time/ET (4:00 p.m. - 5:00 p.m. CT) daily maintenance period.
Commodity Code	CME Globex/Open Outcry/CME ClearPort: S1A, S2A, S3A, S4A, S5A	
Listed Contracts	Initially, four (4) contracts will be listed for expiry on Apr 17, Apr 24, May 1 and May 8 Thereafter, at any given time, two nearest weeks of S1A, S2A, S3A, S4A, S5A will be listed for trading	
Termination Of Trading	Week 1	3:00 p.m. CT 1 <sup>st</sup> Monday of contract month
	Week 2	3:00 p.m. CT 2 <sup>nd</sup> Monday of contract month
	Week 3	3:00 p.m. CT 3 <sup>rd</sup> Monday of contract month
	Week 4	3:00 p.m. CT 4 <sup>th</sup> Monday of contract month
	Week 5	3:00 p.m. CT 5 <sup>th</sup> Monday of contract month
Exchange Rulebook Chapter	<a href="#">351A</a>	
Strike Prices Strike Price Interval	At all multiples of <b>25 index points within ±50%</b> of quarterly Exercise Price Reference, centered on previous day's settlement price of the underlying futures	
	At all multiples of <b>10 index points within ±20%</b> of quarterly Exercise Price Reference, centered on previous day's settlement price of the underlying futures	
	Once the option's underlying futures contract becomes second nearest to delivery, at all multiples of <b>5 index points within ±10%</b> of quarterly Exercise Price Reference, centered on previous day's settlement price of the underlying futures	
Exercise Procedure	European Style	
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 (symbol ESF) based on the weighted average traded price of E-mini S&P 500 futures in the last 30 seconds of trading on expiration day (2:59:30 pm–3:00:00 pm CT) will be used to determine which options are in-the-money	

CME Globex Matching Algorithm	F-FIFO
Underlying Contract	Standard and Poor's 500 Stock Price Index Futures/Commodity Code: SP
Block Trade Minimum Threshold	250 Contracts

### Monday Weekly Options on E-mini Standard and Poor's 500 Stock Price Index Futures

Contract Unit	One quarterly E-mini S&P 500 futures contract	
Minimum Price Fluctuation	REDUCED TICK	0.05= \$2.50 for premium ≤ 5.00
	CAB	0.05=\$2.50
	OUTRIGHT	0.25=\$12.50 for premium >5.00
Trading and Clearing Hours	CME Globex:	Sunday - Friday 6:00 p.m. - 5:00 p.m. Eastern Time/ET (5:00 p.m. - 4:00 p.m. Central Time/CT) with 15-minute trading halt Monday – Friday 4:15 p.m. - 4:30 p.m. ET (3:15 p.m. - 3:30 p.m. CT). Monday - Thursday 5:00 p.m. - 6:00 p.m. ET (4:00 p.m. - 5:00 p.m. CT) daily maintenance period.
	Open Outcry	Not available for trading via open outcry
	CME ClearPort:	Sunday - Friday 6:00 p.m. - 5:00 p.m. ET (5:00 p.m. - 4:00 p.m. CT). Monday - Thursday 5:00 p.m. - 6:00 p.m. ET (4:00 p.m. - 5:00 p.m. CT) daily maintenance period.
Commodity Code	CME Globex/CME ClearPort: E1A, E2A, E3A, E4A, E5A	
Listed Contracts	Initially, four (4) contracts will be listed for expiry on Apr 17, Apr 24, May 1 and May 8. Thereafter, at any given time, two nearest weeks of E1A, E2A, E3A, E4A, E5A will be listed for trading.	
Termination Of Trading	Week 1	3:00 p.m. CT 1 <sup>st</sup> Monday of contract month
	Week 2	3:00 p.m. CT 2 <sup>nd</sup> Monday of contract month
	Week 3	3:00 p.m. CT 3 <sup>rd</sup> Monday of contract month
	Week 4	3:00 p.m. CT 4 <sup>th</sup> Monday of contract month
	Week 5	3:00 p.m. CT 5 <sup>th</sup> Monday of contract month
Exchange Rulebook	<a href="#">358A</a>	
Strike Prices Strike Price Interval	At all multiples of <b>25 index points within ±50%</b> of quarterly Exercise Price Reference, centered on previous day's settlement price of the underlying futures	
	At all multiples of <b>10 index points within ±20%</b> of quarterly Exercise Price Reference, centered on previous day's settlement price of the underlying futures	
	Once the option's underlying futures contract becomes second nearest to delivery, at all multiples of <b>5 index points within ±10%</b> of quarterly Exercise Price Reference, centered on previous day's settlement price of the underlying futures	
Exercise Procedure	European Style	
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 (symbol ESF) based on the weighted average traded price of E-mini S&P 500 futures in the last 30 seconds of trading on expiration day (2:59:30 pm–3:00:00 pm CT) will be used to determine which options are in-the-money	

CME Globex Matching Algorithm	F-FIFO
Underlying Contract	E-mini Standard and Poor's 500 Stock Price Index Futures/Commodity Code: ES
Block Trade Minimum Threshold	Not Block Trade Eligible

## Section 2 – Index Definition, Administration, Governance, and Characteristics

### Index Definition: S&P 500 index<sup>1</sup>

The S&P 500 index is administered, calculated, and published by S&P Dow Jones Indices LLC (“S&P DJI”), a part of McGraw Hill Financial. Created in 1957, it was the first US market-capitalization-weighted stock price index. The index is 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 rebalancing:

Listing Universe	US companies
Market Capitalization	At least \$5.3 bln
Tradable Supply	At least 50% 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.

As of June 30, 2016, the index comprises 505 constituent firms, with aggregate market capitalization of \$19.086 trillion. The following statistics describe the distribution of index constituents in terms of their individual market capitalizations (in \$ blns):

Maximum	523.642
Average	37.794
Median	18.126
Minimum	2.329

The largest single constituent signifies 2.9% of index weight. The largest 10 constituents represent 17.8% of index weight.

The formula for calculation of the S&P 500 index is:<sup>2</sup>

<sup>1</sup> All statistics referenced herein are drawn from the S&P 500® Factsheet as of February 24, 2017, S&P Dow Jones Indices, McGraw-Hill Financial, available at: [http://us.spindices.com/idsenhancedfactsheet/file.pdf?calcFrequency=M&force\\_download=true&hostIdentifier=48190c8c-42c4-46af-8d1a-0cd5db894797&indexId=340](http://us.spindices.com/idsenhancedfactsheet/file.pdf?calcFrequency=M&force_download=true&hostIdentifier=48190c8c-42c4-46af-8d1a-0cd5db894797&indexId=340)

<sup>2</sup> The following paragraphs on index methodology are adapted from S&P U.S. Indices Methodology, S&P Dow Jones Indices, McGraw-Hill Financial, October 2015, available at: [http://us.spindices.com/documents/methodologies/methodology-sp-us-indices.pdf?force\\_download=true](http://us.spindices.com/documents/methodologies/methodology-sp-us-indices.pdf?force_download=true)  
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$$IndexLevel = \frac{(\sum_i P_i(t) * Q_i(t))}{Divisor}$$

where

$i$  is the running variable that denotes each constituent stock. Currently,  $i = 1, 2, \dots, 505$

$P_i(t)$  is price per share of stock  $i$  at time  $t$ .

$Q_i(t)$  is the number of shares of stock  $i$  that enters into calculation of the index value for time  $t$ .

The numerator in the expression on the right hand side is the price of each index constituent stock multiplied by the number of shares used in the index calculation, summed across all index constituents.

The formula may be viewed as a modified Laspeyres price index. A Laspeyres price index would use quantities – equity share counts in this case – for an arbitrarily chosen base period (time 0) to calculate a weighted average price for its index constituents. Thus, for prices as of time  $t$ , indexed on the basis of prices as of time 0 (such that  $0 < t$ ), the Laspeyres index would be:

$$IndexLevel_t = \frac{(\sum_i P_i(t) * Q_i(0))}{(\sum_i P_i(0) * Q_i(0))}$$

In the modification that implements the S&P 500 index, the quantity measure in the numerator,  $Q_i(0)$ , is replaced by  $Q_i(t)$ . Thus, the S&P 500 index represents the aggregate of current market valuations of its constituent firms, indexed on the basis of the aggregate of market values of constituent stocks at time 0:

$$IndexLevel_t = \frac{(\sum_i P_i(t) * Q_i(t))}{(\sum_i P_i(0) * Q_i(0))}$$

The term in the denominator is replaced by the *Divisor* shown above, which represents the initial aggregate of market values and which sets the index normalizing value. In its role as the index normalizing factor, the *Divisor* incorporates a variety of adjustments, including additions of companies to the index, deletions of companies from the index, reduction of an index constituent's outstanding shares to account for floating supply (ie, exclusion of closely held shares), exclusion of an index constituent's shares that are subject to foreign ownership restrictions, and adjustments due to corporate actions such as mergers or spin-offs.

#### Index Values for CME Futures Contract Final Settlements

Final settlement prices of expiring CME S&P 500 futures and CME E-mini S&P 500 futures are based on the Special Opening Quotation (SOQ) of the S&P 500 index on the day of futures contract expiration.<sup>3</sup> The Index SOQ is calculated on the basis of the official opening price of each index constituent stock, as established according to the rules of that constituent's primary listing exchange. Such official opening prices are received by S&P DJI from two independent pricing vendors and are matched to ensure accuracy. The vendors receive such opening prices from the primary listing exchanges. If a primary listing exchange is unable to provide an official opening price for an index constituent, the opening price as reported on the Regulation NMS "consolidated tape" is used instead. If such opening price is not available on the

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<sup>3</sup> The discussion of the Special Opening Quotation is adapted from Equity Indices Policies & Practices Methodology, S&P Dow Jones Indices, McGraw-Hill Financial, December 2015, available at: [http://us.spindices.com/documents/methodologies/methodology-sp-equity-indices-policies-practices.pdf?force\\_download=true](http://us.spindices.com/documents/methodologies/methodology-sp-equity-indices-policies-practices.pdf?force_download=true)

“consolidated tape,” then the SOQ is calculated on the basis of the previous closing price for such index constituent stock, adjusted for corporate actions.

#### Index Administration and Governance

The index administrator, S&P DJI, was formed in June 2012 as a joint venture between S&P Indices and Dow Jones Indexes. Headquartered in New York, S&P DJI employs over 390 persons operating in 20 offices worldwide.

In July 2015, S&P DJI issued a Statement of Alignment with respect to the recommendations made by the International Organization of Securities Commissions (“IOSCO”) in its Principles for Financial Benchmarks Final Report (“IOSCO Principles”). In this connection, S&P DJI engaged Ernst & Young LLP “to perform a reasonable assurance examination of S&P DJI’s assertion of their alignment with the IOSCO Principles.” The Statement of Alignment, including the findings of the reasonable assurance examination by Ernst & Young LLP, may be found among “IOSCO Documents” at <http://us.spindices.com/resource-center/index-policies/>

“S&P DJI’s overall governance and control framework is comprised of a variety of components that, together, protect the integrity and quality of its Benchmarks. These components include:

- a) A corporate structure that isolates the S&P DJI Benchmark business into a single corporate entity.
- b) An organizational/operating structure that separates commercial, operational and editorial/analytical functions into distinct reporting lines.
- c) An independent Benchmark governance body (Index Committees) with documented Benchmark governance policies and procedures.
- d) A control framework to ensure a sound process for developing, calculating and distributing its Benchmarks.
- e) An oversight function that monitors and enforces, among other things, S&P DJI’s compliance with its various conflicts of interest policies.
- f) Processes with designated individuals and teams to work with and oversee the various third parties involved in the Benchmark determination process.”<sup>4</sup>

## Section 3 – Index Evaluation

The CEA requires that security futures products, defined to comprise single stock futures and futures on narrow-based security indexes, shall be subject to the joint jurisdiction of the CFTC and the Securities Exchange Commission (“SEC”). Futures products for which the underlying references are broad-based security indexes remain under the sole jurisdiction of the CFTC.

Section 1a(25) of the Act defines a narrow-based index to be an index

- (i) which has nine (9) or fewer component securities; or
- (ii) in which any component security comprises more than 30 percent of the index’s weighting; or

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<sup>4</sup> Quoted passages in this section are drawn from *Management Statement of Alignment with the IOSCO Principles for Financial Benchmarks*, Section 1, pg 2, S&P Dow Jones Indices, McGraw Hill Financial, 21 July 2015, available at <http://us.spindices.com/resource-center/index-policies/>

- (iii) in which the 5 highest weighted component securities in the aggregate represent more than 60 percent of the index's weighting; or
- (iv) in which the lowest weighted component securities comprising, in the aggregate, 25 percent of the index's weighting have an aggregate dollar value of average daily trading volume of less than USD 50,000,000 (or in the case of an index with 15 or more component securities, less than USD 30,000,000).

The Contracts fail to meet any criterion for consideration as a narrow-based index. *The Exchange has determined, therefore, that the Contracts shall be listed for trading under the sole jurisdiction of the CFTC.*

In respect of criterion (i), the number of Index components is the same 505 securities, which exceeds the 9-security minimum threshold.

In respect of criteria (ii), (iii), and (iv), Exhibit 1 displays summary statistics of daily data for the 9-month interval 1 October 2015 through 30 June 2016.

For criterion (ii), test results appear in the left-hand panel. For each index, the entire empirical distribution of daily outcomes resides far below the 30 percent threshold that would signify a narrow-based index. At no point does any index's largest component stock account for more than 4 percent of index weight.

**Exhibit 1**  
**CEA Section 1a(25) Narrow-Based Index Tests for the S&P 500 Index**

Quantiles of empirical distributions of daily measures of index characteristics, 1 October 2015 to 30 June 2016.

	<i>Criterion (ii)</i>	<i>Criterion (iii)</i>	<i>Criterion (iv)</i>
	<i>Index weight of largest index component (pct)</i>	<i>Aggregate index weight of largest 5 index components (pct)</i>	<i>Trading volume of smallest index components aggregating to 25 pct of index weight (\$ blns/day)</i>
<i>Maximum</i>	3.8	11.2	66.55
<i>75 Pctl</i>	3.6	11.0	24.07
<i>Median</i>	3.3	10.9	24.08
<i>25 Pctl</i>	3.2	10.7	21.93
<i>Minimum</i>	2.8	10.4	9.10

Data Source: Bloomberg LLC

Similar results obtain for criterion (iii), shown in the middle panel. In each case, the distribution of aggregate weight of the index's largest five component stocks lies well below 60 percent. Nowhere do the largest five members of the index account for more than 12 percent of index weight.

Summary statistics for distributions of trading volume, shown in Exhibit 1's right-hand panel, demonstrate that the Index is not narrow-based in the sense of criterion (iv). The test procedure is to rank each of the Index's component stocks from smallest market capitalization to largest, then to identify 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 USD 30 mln, then the Index would be considered narrow-based.

During the 9-month sample analyzed here, daily values of trading volume in the Index's bottom-quartile constituent stocks reside in the neighborhood of \$24 bln per day. The minimum observed daily trading volume is \$9.1 bln, which exceeds the test threshold by at least two orders of magnitude.



## Section 4 – Block Trading Standards

Standards for block trading in the Contracts shall be comparable to established standards that apply to options on other equity index futures products that the Exchange now lists for trading.

## Section 5 -- Compliance with Core Principles

The Exchange has reviewed the designated contract market core principles (“Core Principles”) as set forth in the Act and has identified that the new product terms and conditions certified herein may bear upon the following Core Principles:

### **Core Principle 2 – Compliance with Rules**

Trading in the contracts certified herein shall be subject to CME Rulebook Chapter 4, which includes prohibitions against fraudulent, noncompetitive, unfair, and abusive practices. Additionally, trading in these contracts shall be subject to the Exchange’s trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the 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**

For the futures contracts certified herein, the underlying reference Indexes 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 contracts are not readily susceptible to attempted cornering or manipulation.

As of 30 June 2016, the S&P 500 Index was comprised of 505 component stocks with approximate aggregate market capitalization of \$19.086 trillion.<sup>5</sup> During the interval 1 October 2015 to 30 June 2016, the representative pace of turnover is approximately \$33.7 bln per day. (See Exhibit 2.)

### **Exhibit 2 - Scale Measures for S&P 500 Index**

Left-hand panel: Quantiles of empirical distributions of daily trading volume, 1 October 2015 to 30 June 2016.

	<i>Aggregate trading value of index components (USD blns/day)</i>	<i>Aggregate market capitalization on 30 Jun 2016 (USD blns)</i>
<i>Maximum</i>	95.52	19,086
<i>75 Pctl</i>	38.60	
<i>Median</i>	33.67	
<i>25 Pctl</i>	30.30	
<i>Minimum</i>	12.92	

Data Source: Bloomberg LLC

### **Core Principle 4 – Prevention of Market Disruption**

Trading in the Contracts shall be subject to CME Rulebook Chapters 4 and 7, 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 contracts certified herein shall be subject to monitoring and surveillance by CME Group’s Market Regulation Department.

### **Core Principle 5 – Position Limits or Accountability**

Each of the Contracts shall be subject to a Position Reporting Level of 100 contracts.

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<sup>5</sup> S&P Indices

These option products shall be subject, moreover, to an all-month position limit of 60,000 net long or short S&P 500 Stock Price Index (SP) futures equivalents, aggregated with S&P 500 Stock Price Index futures and E-mini S&P 500 Stock Price Index futures. Five E-mini S&P 500 Monday Weekly options shall signify one SP futures equivalent, and one S&P 500 Monday Weekly option shall signify one SP futures equivalent.

#### ***Core Principle 7 – Availability of General Information***

The Exchange shall disseminate a Special Executive Report (“SER”) that sets forth information in regard to specifications, terms, and conditions of the Contracts. In addition to such SER, daily trading volume, open interest, and price information for such futures contracts shall be published on the Exchange’s website.

#### ***Core Principle 8 – Daily Publication of Trading Information***

The Exchange shall publish contract trading volumes, open interest levels, and price information daily on its website and through quote vendors.

#### ***Core Principle 9 – Execution of Transactions***

The Contracts shall be listed for trading on CME Globex, which provides for efficient, competitive, and open execution of transactions. Additionally, CME Globex affords the benefits of reliability and global connectivity. The applicable CME Globex non-reviewable trading ranges shall be as set forth in Appendix D.

#### ***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 Contracts shall be cleared by CME Clearing, which is registered with the Commission as a derivatives clearing organization, and which is subject to all CFTC regulations related thereto.

#### ***Core Principle 12 – Protection of Markets and Market Participants***

CME Rulebook Chapters 4 and 5 set forth multiple strictures that preclude intermediaries from disadvantaging their customers. These Rules apply to trading in all of the Exchange’s competitive trading venues and will apply to transactions in the contracts certified herein.

#### ***Core Principle 13 – Disciplinary Procedures***

CME Rulebook Chapter 4 provides for the Exchange to discipline, suspend, or expel members or market participants who violate the rules of the Exchange. Trading in the Contracts 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 these products are identified.

#### ***Core Principle 14 – Dispute Resolution***

Disputes in respect of the Contracts shall be subject to the arbitration provisions set forth in CME Rulebook Chapter 6, 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 certifies that the Contracts certified herein comply with the Act including all regulations thereunder. There were no substantive opposing views to this proposal.

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

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

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A Amendments to CME Rulebook Chapters 351A and 358A (blackline format)  
Appendix B Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook (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 Fee Schedule

## Appendix A

### CME Rulebook Chapters

(Additions are underlined. Deletions are [~~bracketed and 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 80B 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 that trades 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.

### **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.

#### **5.4, 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.

#### **351A01.E. Exercise Prices**

In each month in the March quarterly cycle (Rule 351A01.D.1.) the Exchange shall determine an Exercise Price Reference on the last day of trading in futures for delivery in such month (Rule 35102.G.). Such Exercise Price Reference shall be set equal to the daily settlement price of such futures, rounded *down* to the nearest Index point.

The Exchange shall use such Exercise Price Reference to determine listing ranges for option exercise prices on all Business Days following its determination, until and including the next Business Day on which the Exchange determines a successor Exercise Price Reference in accordance with this Rule.

#### **1. Quarterly Options**

On any Business Day, the Exchange shall ensure that Quarterly put and call options are listed for trading at all eligible exercise prices, as follows:

##### 25 Point Exercise Prices

For Quarterly options exercisable into a given Underlying Futures Contract (Rule 351A01.D.1.), the Exchange shall ensure that such put and call options are listed for trading at all exercise price levels that are integer multiples of 25 Index points (e.g., 1300, 1325, 1350) and that lie within a range from 50 percent of the Exercise Price Reference below, to 50 percent of the Exercise Price Reference above, the preceding Business Day's daily settlement price for such Underlying Futures Contract.

##### 10 Point Exercise Prices

For Quarterly options exercisable into a given Underlying Futures Contract (Rule 351A01.D.1.), the Exchange also shall ensure that such put and call options are listed for trading at all exercise price levels that are integer multiples of 10 Index points (e.g., 1300, 1310, 1320) and that lie within a range from 20 percent of the Exercise Price Reference below, to 20 percent of the Exercise Price Reference above, the preceding Business Day's daily settlement price for such Underlying Futures Contract.

##### 5 Point Exercise Prices

As of the day on which an Underlying Futures Contract for a given delivery month becomes the futures contract that is second-nearest to delivery in the March quarterly cycle (Rule 351A01.D.1.), the Exchange also shall ensure that Quarterly put and call options exercisable into such Underlying Futures Contract are listed for trading at all exercise price levels that are integer multiples of 5 Index points (e.g. 1300, 1305, 1310) and that lie within a range from 10 percent of the Exercise Price Reference below, to 10 percent of the Exercise Price Reference above, the preceding Business Day's daily settlement price for such Underlying Futures Contract.

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

#### **2. All Options Excluding Quarterly Options**

On any given Business Day, options that are not Quarterly options (Rules 351A01.D.), and that are exercisable into a given Underlying Futures Contract, shall be listed for trading at all exercise price levels at which Quarterly options exercisable into such Underlying Futures Contract are concurrently listed for trading (Rule 351A01.E.1.).

### **3. Dynamically-Listed Exercise Prices**

Upon demand and at the discretion of the Exchange, a new option contract with an out-of-current-range exercise price may be added, on an as-soon-as-possible basis, provided that the exercise price of such option shall be an integer multiple of the appropriate exercise price interval (i.e., 25 Index points, 10 Index points, or 5 Index points) as prescribed in this Rule.

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**

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.) 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. [ 4. ] 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.

#### **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 on which such option may be traded. To exercise such option, the clearing member representing the option buyer shall present an exercise notice to the Clearing House by 7:00 p.m., or by such other time as the Exchange may designate, on the day of exercise.

Any unexercised option shall expire at 7:00 p.m. on the last day of trading in such option (Rule 351A01.I.). 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 7:00 p.m., or such other time as may be designated by the Exchange, on the last day of trading in such option.

A call option shall be in the money if the settlement price of such option's Underlying Futures Contract (Rule 351A01.D.) on the last day of trading in such option (Rule 351A01.I.) is strictly above such option's exercise price, and shall be out of the money if such settlement price is at or below such option's exercise price.

A put option shall be in the money if the settlement price of such option's Underlying Futures Contract on the last day of trading in such option is strictly below such option's exercise price, and shall be out of the money if such settlement price is at or above such option's exercise price.

## **2. All Options Excluding Quarterly Options**

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.) may be exercised only at, and not before, the expiration of such option. Following 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 7:00 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 7:00 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]**

*[ There are no amendments to Rules 351A30. through 351A38. for Flexible Options, nor to Interpretations & Special Notices Relating to Chapter 351A. ]*

End Chapter 351A

## **Chapter 358A Options on E-mini<sup>®</sup> Standard and Poor's 500 Stock Price Index Futures**

### **358A00. SCOPE OF CHAPTER**

This chapter is limited in application to options on E-mini Standard and Poor's 500 Stock Price Index futures ("E-mini 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.

#### **358A00.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).

#### **358A00.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 80B for Trading Halts Due to Extraordinary Volatility or under Nasdaq Stock Market Rule 4121 for Trading Halts Due to Extraordinary Volatility.

## **358A01. OPTIONS CHARACTERISTICS**

### **358A01.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 E-mini S&P 500 Index futures pursuant to Rule 35802.I.

In accordance with Rule 35802.I. the Exchange shall determine, in its sole discretion, the futures delivery month that represents such Primary Futures Contract.

### **358A01.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 E-mini S&P 500 Index futures contract (Chapter 358).

### **358A01.C. Minimum Fluctuations**

Option prices shall be quoted in Index points. Each Index point shall represent \$50.00 per option contract.

Subject to Rule 358A01.C.1., the minimum price fluctuation shall be 0.25 Index points (equal to \$12.50 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 \$2.50 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, *provided that* for any option spread or combination that trades 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.

### **358A01.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 35803.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 35803.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 35803.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.

### **5.4. 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 35803.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.

### **358A01.E. Exercise Prices**

In each month in the March quarterly cycle (Rule 358A01.D.1.) the Exchange shall determine an Exercise Price Reference on the Business Day first preceding the day on which the final settlement price of futures for delivery in such month (Rule 35803.A.) is scheduled to be determined. Such Exercise Price Reference shall be set equal to the daily settlement price of such futures, rounded *down* to the nearest Index point.

The Exchange shall use such Exercise Price Reference to determine listing ranges for option exercise prices on all Business Days following its determination, until and including the next Business Day on which the Exchange determines a successor Exercise Price Reference in accordance with this Rule.

### **1. Quarterly Options**

On any Business Day, the Exchange shall ensure that Quarterly put and call options are listed for trading at all eligible exercise prices, as follows:

#### **25 Point Exercise Prices**

For Quarterly options exercisable into a given Underlying Futures Contract (Rule 358A01.D.1.), the Exchange shall ensure that such put and call options are listed for trading at all exercise price levels that are integer multiples of 25 Index points (e.g., 1300, 1325, 1350) and that lie within a range from 50 percent of the Exercise Price Reference below, to 50 percent of the Exercise Price Reference above, the preceding Business Day's daily settlement price for such Underlying Futures Contract.

#### **10 Point Exercise Prices**

For Quarterly options exercisable into a given Underlying Futures Contract (Rule 358A01.D.1.), the Exchange also shall ensure that such put and call options are listed for trading at all exercise price levels that are integer multiples of 10 Index points (e.g., 1300, 1310, 1320) and that lie within a range from 20 percent of the Exercise Price Reference below, to 20 percent of the Exercise Price Reference above, the preceding Business Day's daily settlement price for such Underlying Futures Contract.

### 5 Point Exercise Prices

As of the day on which an Underlying Futures Contract for a given delivery month becomes the futures contract second-nearest to delivery in the March quarterly cycle (Rule 358A01.D.1.), the Exchange also shall ensure that Quarterly put and call options exercisable into such Underlying Futures Contract are listed for trading at all exercise price levels that are integer multiples of 5 Index points (e.g. 1300, 1305, 1310) and that lie within a range from 10 percent of the Exercise Price Reference below, to 10 percent of the Exercise Price Reference above, the preceding Business Day's daily settlement price for such Underlying Futures Contract.

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

### **2. All Options Excluding Quarterly Options**

On any given Business Day, options that are not Quarterly options (Rules 358A01.D.), and that are exercisable into a given Underlying Futures Contract, shall be listed for trading at all exercise price levels at which Quarterly options exercisable into such Underlying Futures Contract are concurrently listed for trading (Rule 358A01.E.1.).

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

### **358A01.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.

### **358A01.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 358A01.D.) at such option's exercise price (Rule 358A01.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 358A01.D.1.) may exercise such option at any time prior to its expiration.

### **2. All Options Excluding Quarterly Options**

The buyer of a European style Weekly option (Rule 358A01.D.2.), or a European style Wednesday Weekly option (Rule 358A01.D.3.), or a European style Monday Weekly option (Rule 358A01.D.4.), or a European style End-of-Month option (Rule 358A01.D.5.) may exercise such option only at its expiration.

### **358A01.H. [Reserved]**

### **358A01.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 358A01.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 358A00.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 358A01.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 358A00.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 358A01.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 358A00.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 358A01.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.

#### **5.4. 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 358A00.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.

#### **358A01.J. [Reserved]**

#### **358A02. EXERCISE AND ASSIGNMENT**

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



## **358A02.A. Exercise**

### **1. Quarterly Options**

Any Quarterly option (Rule 358A01.D.1.) may be exercised by the buyer on any Business Day on which such option may be traded. To exercise such option, the clearing member representing the option buyer shall present an exercise notice to the Clearing House by 7:00 p.m., or by such other time as the Exchange may designate, on the day of exercise.

Any unexercised option shall expire at 7:00 p.m. on the last day of trading in such option (Rule 358A01.I.). 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 7:00 p.m., or such other time as may be designated by the Exchange, on the last day of trading in such option.

A call option shall be in the money if the settlement price of such option's Underlying Futures Contract (Rule 358A01.D.) on the last day of trading in such option (Rule 358A01.I.) is strictly above such option's exercise price, and shall be out of the money if such settlement price is at or below such option's exercise price.

A put option shall be in the money if the settlement price of such option's Underlying Futures Contract on the last day of trading in such option is strictly below such option's exercise price, and shall be out of the money if such settlement price is at or above such option's exercise price.

### **2. All Options Excluding Quarterly Options**

Any European style Weekly option (Rule 358A01.D.2.), or European style Wednesday Weekly option (Rule 358A01.D.3.), or European style Monday Weekly option (Rule 358A01.D.4.), or European style End-of-Month option (Rule 358A01.D.5.) may be exercised only at, and not before, the expiration of such option. Following 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, in its sole discretion, by reference to the Fixing Price of such option's Underlying Futures Contract (Rule 358A01.D.). The Exchange, in its sole discretion, shall set such Fixing Price on the last day of trading in such option, as follows:

#### Tier 1

Such Fixing Price shall be based on the volume-weighted average price of transactions in such futures on the CME Globex electronic trading platform during the interval (i) between 2:59:30 p.m. and 3:00:00 p.m., or (ii) in the case of an early scheduled close of the Primary Listing Exchange, between 11:59:30 a.m. and noon, or (iii) in the event of an unscheduled early close of the Primary Listing Exchange, the final thirty (30) seconds of the Primary Listing Exchange trading day ("Reference Interval").

#### Tier 2

If no such transaction occurs during the Reference Interval, then such Fixing Price shall be based on the average of midpoints of bid/ask spreads for such futures quoted on CME Globex during the Reference Interval, provided that the Fixing Price calculation shall exclude the midpoint value for any such bid/ask spread that is wider than 0.50 Index points (equal to two (2) minimum price increments).

#### Tier 3

If such Fixing Price cannot be determined pursuant to Tier 1 or Tier 2, or if an unscheduled non-regulatory halt in CME Globex trading in such Underlying Futures Contract occurs between 2:58:00 p.m. and 3:00:00 p.m., then such Fixing Price shall be based on the average transaction price during such Reference Interval of the CME Standard and Poor's 500 Stock Price Index ("S&P 500") futures contract

(Chapter 351) for the same delivery month as such option's Underlying Futures Contract (Rule 358A01.D.).

#### Tier 4

If such Fixing Price cannot be determined pursuant to Tier 1, Tier 2, or Tier 3, then the Exchange, in its sole discretion, shall set such Fixing Price by alternative means which may include, but are not limited to, derivation by reference to the basis relationship between such futures contract's price and the Index, or application of Tier 1, Tier 2, or Tier 3 calculations to successive time intervals of increasing length, in integer multiples of thirty (30) seconds, until suitable price data are obtained.

The resultant Fixing Price value shall be rounded to the nearest integer multiple of 0.01 Index points. Such Fixing Price, so rounded, shall be used to determine whether an option expires in the money or out of the money.

If, at the time such Fixing Price is scheduled to be calculated in respect of expiring options, the Primary Listing Exchange (Rule 358A00.A.) is subject to a Regulatory Halt (Rule 358A00.B.), and the Primary Futures Contract Month is limit offered at the maximum price limit permissible during such Regulatory Halt pursuant to Rule 35802.1., 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 in respect of such option shall be calculated in accordance with the corresponding provisions of this Rule, on the basis of a reference interval beginning at 8:30:30 a.m. and concluding at 8:31:00 a.m.

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.

#### **358A02.B. Assignment**

For a given option contract, an exercise notice accepted by the Clearing House in accordance with Rules 358A02.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 358A01.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.

#### **358A03. [RESERVED]**

#### **358A04. CORRECTIONS TO OPTION EXERCISES**

Corrections to option exercises may be accepted by the Clearing House after 7:00 p.m. and up to the beginning of final option expiration processing (in accord with Rules 358A02.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 7:00 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.

**358A05.-29. [RESERVED]**

*[ There are no amendments to Rules 358A30. through 358A38. for Flexible Options, nor to Interpretations & Special Notices Relating to Chapter 358A. ]*

End Chapter 358A

## **Appendix B**

### **Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook**

(Attached under separate cover)

## Appendix C

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

(Additions are underlined.)

Instrument	Globex Symbol	Bid/Ask Reasonability	Non-Reviewable Range (NRR)
<u>E-mini S&amp;P 500 Monday Weekly Options</u>	<u>E#A</u>	<u>The greater of the delta times the underlying futures' non-reviewable range or 20% of the fair value premium up to the underlying futures' non-reviewable range with a minimum reasonability of 1.00 (one) index point</u>	<u>The greater of delta times the underlying futures non-reviewable range or 20% of premium up to 1/4 of the underlying futures' non-reviewable range with a minimum of 1 tick</u>
<u>S&amp;P 500 Monday Weekly Options</u>	<u>S#A</u>	<u>The greater of the delta times the underlying futures' non-reviewable range or 20% of the fair value premium up to the underlying futures' non-reviewable range with a minimum reasonability of 1.00 (one) index point</u>	<u>The greater of delta times the underlying futures non-reviewable range or 20% of premium up to 1/4 of the underlying futures' non-reviewable range with a minimum of 1 tick</u>

## Appendix D

### CME Rule 589. – (“Special Price Fluctuation Limits and Daily Price Limits”) Table

(Additions are underlined.)

Product	Rulebook Chapter	Commodity Code	Primary/Associated	Associated With	Base in Real Economic Value	Level 5
<u>S&amp;P 500 Monday Weekly Options</u>	<u>351A</u>	<u>S#A</u>	<u>Associated</u>	<u>SP</u>		<u>See Rulebook Chapter</u>
<u>E-mini S&amp;P 500 Monday Weekly Options</u>	<u>358A</u>	<u>E#A</u>	<u>Associated</u>	<u>ES</u>		<u>See Rulebook Chapter</u>

## Appendix E

### Exchange Fee Schedule

		Standard S&P 500 Options	E-mini S&P 500 Options
Individual Members <sup>(1)</sup> Clearing Equity Member Firms Rule 106.J Equity Member Firms & Rule 106.J Qualified Subsidiaries Rule 106.I Member Firms & Rule 106.I Qualified Affiliates Rule 106.S Member Approved Funds	Open Outcry   Delivery	<b>\$0.22</b>	<b>\$0.09</b>
	CME Globex	<b>\$0.72</b>	<b>\$0.35</b>
	EFP   EFR   Block   BTIC	<b>\$1.97</b>	<b>\$1.84</b>
	Exercise   Assign   Future From	<b>\$0.27</b>	<b>\$0.14</b>
Rule 106.D Lessees <sup>(1)</sup> Rule 106.F Employees	Open Outcry   Delivery	<b>\$0.45</b>	<b>\$0.21</b>
	CME Globex	<b>\$0.95</b>	<b>\$0.47</b>
	EFP   EFR   Block   BTIC	<b>\$2.20</b>	<b>\$1.96</b>
	Exercise   Assign   Future From	<b>\$0.50</b>	<b>\$0.26</b>
Rule 106.R Electronic Corporate Member <i>(For other than Globex - See Non-Members)</i>	CME Globex	<b>\$1.00</b>	<b>\$0.45</b>
Rule 106.H and 106.N Firms Clearing Non-Equity Member Firms	Open Outcry   Delivery	<b>\$0.60</b>	<b>\$0.39</b>
	CME Globex	<b>\$1.00</b>	<b>\$0.45</b>
	EFP   EFR   Block   BTIC	<b>\$2.35</b>	<b>\$2.14</b>
	Exercise   Assign   Future From	<b>\$0.65</b>	<b>\$0.44</b>
International Incentive Program (IIP) Participants International Volume Incentive Program (IVIP) Participants <i>(For other than Globex - See Non-Members)</i>	CME Globex	<b>\$1.00</b>	<b>\$0.45</b>
Central Bank Incentive Program (CBIP) Participants Emerging Markets Bank Incentive Program (EMBIP) Participants Latin American Fund Manager Incentive Program (FMIP) Participants Latin American Proprietary Trading Incentive Program (LAPTIP) Participants <i>(For other than Globex - See Non-Members)</i>	CME Globex	<b>\$1.50</b>	<b>\$0.45</b>
CBOE Members <i>(For S&amp;P Products Only; For All Other Products - See Non-Members)</i>	Open Outcry   Delivery	<b>\$0.71</b>	<b>\$0.34</b>
	CME Globex	<b>\$2.21</b>	<b>\$0.50</b>
	EFP   EFR   Block   BTIC	<b>\$2.46</b>	<b>\$2.09</b>
	Exercise   Assign   Future From	<b>\$0.76</b>	<b>\$0.39</b>
Members Trading Outside of Division <i>(For other than Globex During ETH - See Non-Members)</i>	CME Globex - During ETH Only	<b>\$1.31</b>	<b>\$0.65</b>
Non-Members <i>(Including: Latin American Commercial Incentive Program (LACIP) Participants &amp; CTA/Hedge Fund Incentive Program Participants)</i>	Open Outcry   Delivery	<b>\$0.81</b>	<b>\$0.39</b>
	CME Globex	<b>\$2.31</b>	<b>\$0.55</b>
	EFP   EFR   Block   BTIC	<b>\$2.56</b>	<b>\$2.14</b>
	Exercise   Assign   Future From	<b>\$0.86</b>	<b>\$0.44</b>