

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 18-131

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 04/19/18 Filing Description: Amendments to CME Chapter 358 Regarding the Basis Trade At Cash Open ("TACO") Transaction Eligibility to the E-mini Standard and Poor's 500 Index Futures Contract

**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:**

**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: See filing. Rule Numbers: See filing.

April 19, 2018

**VIA ELECTRONIC PORTAL**

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

**Re: CFTC Regulation 40.6(a) Certification. Notification of Amendments to CME Chapter 358 Regarding Basis Trade At Cash Open (“TACO”) Transaction Eligibility to the E-mini Standard and Poor’s 500 Index Futures Contract.  
CME Submission No. 18-131**

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 amendments to the E-mini Standard and Poor’s 500 Index Futures contract (the “Contract”) (Rulebook Chapter 358, Clearing, CME ClearPort and CME Globex Code: ES, TACO Code: ESQ) contracts to permit Basis Trade at Cash Open (“TACO”) transactions, effective on Sunday, May 13, 2018 for trade date Monday, May 14, 2018.

A TACO transaction is an Exchange futures transaction that is priced with reference to the next following regularly scheduled opening quotation (“SOQ”) of such futures contract’s underlying cash Index (the “Basis”). The Exchange is amending CME Rule 524. to adopt new Section C. - (“Basis Trade at Cash Open (“TACO”) Transactions”) to enable TACO transactions effective on trade date Monday, May 14, 2018. (See CME Submission No. 18-171 also dated April 19, 2018.) TACO transactions on the Contract may be executed on the CME Globex electronic trading platform and may be executed as block trades pursuant to the requirements of CME Rule 526. (“Block Trades”) and submitted for clearing via CME ClearPort with at a minimum block size threshold level of 500 contracts. (See Appendix D attached.)

Appendix A provides amendments to Rulebook Chapter 358 in blackline format. Appendix B provides amendments CME Rule 588.H. (“Globex Non-Reviewable Trading Ranges”) Table and CME Rule 589. (“Special Price Fluctuation Limits and Daily Price Limits”) Table to add TACO transactions to the respective rules. Appendix C provides the Exchange fee in connection with TACO transactions on the Contract. Appendix E sets for the trading and clearing hours for TACO transactions on the Contract.

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

Availability of General Information: The Exchange will publish information on the Contracts’ specification on its website, together with daily trading volume, open interest and price information. The Exchange shall disseminate a Special Executive Report (“SER”) regarding the rule amendments. The SER will also be posted on the CME Group website.

Daily Publication of Trading Information: Trading volume, open interest and price information will be published daily on the Exchange’s website and via quote vendors.

Compliance with Rules: The adoption of TACO transactions in Rule 524. Constitutes a term and condition of the Exchange products to which it applies, and is in compliance with the core principle.

Execution of Transactions: ; In connection with permitting TACO transactions in the Contract, CME will also permit block trading in the Contract at the same 500 contract block trade minimum threshold applicable to Basis Trade at Index Close (“BTIC”) block trades in the Contract..

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange certifies that the amendments comply 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 Exchange's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you require any additional information regarding this action, please contact me at 212-299-2200 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com)

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A – Amendments to CME Chapter 358 (blackline format)  
Appendix B – Amendments to CME Rules 588.H. (“Globex Non-Reviewable Trading Ranges”) Table and CME Rule 589. (“Special Price Fluctuation Limits and Daily Limits”) Table  
Appendix C – Exchange Fee Schedule  
Appendix D – Block Trade Minimum Threshold Level Table  
Appendix E – Clearing and Trading Hours

## Appendix A

### CME Rulebook

#### Chapter 358

#### E-mini Standard and Poor's 500 Stock Price Index® Futures

(Additions are underlined; deletions are ~~struck through~~)

**35806. BASIS TRADE AT INDEX CLOSE (“BTIC”) AND BASIS TRADE AT CASH OPEN (“TACO”) TRANSACTIONS**

All BTIC transactions and TACO transactions must be executed in accordance with the requirements of Rules 524.B. and 524.C., respectively.

**35806.A. ~~BTIC~~ Block Trade Requirements**

1. BTIC block trades must be executed in accordance with the requirements of Rule 526. For a BTIC block trade executed on a given Trading Day on or before the scheduled close of the Primary Listing Exchange, the corresponding futures price shall be made by reference to the Index closing value for the current Trading Day. For a BTIC block trade executed on a given Trading Day after the scheduled close of the Primary Listing Exchange, the corresponding futures price shall be made by reference to the Index closing value for the next Trading Day.
2. TACO block trades must be executed in accordance with the requirements of Rule 526. For a TACO block trade executed on a given Trading Day on or before the scheduled opening auction on the Primary Listing Exchange, the corresponding futures price shall be made by reference to the Index special opening quotation (“SOQ”) for such Trading Day. For a TACO block trade executed on a given Trading Day after the scheduled start of the opening auction on the Primary Listing Exchange, the corresponding futures price shall be made by reference to the SOQ for the next Trading Day.

**35806.B. ~~BTIC~~-Price Assignment Procedures**

1. The futures price of a BTIC transaction shall be determined by the Exchange at 3:45 p.m. (or within 45 minutes after the close of the Primary Listing Exchange in the case of an early scheduled close of the Primary Listing Exchange). Such price determination shall be deemed final.
2. The futures price of a TACO transaction made by reference to the Index SOQ for a given Trading Day shall be determined by the Exchange no later than 3:00 p.m. on such Trading Day. Such price determination shall be deemed final.

**35806.C. ~~BTIC~~ Minimum Price Increments**

The valid basis or price increment applied either to the Index closing value to establish the BTIC futures price or to the Index SOQ to establish the TACO futures price must be an integer multiple of the contract minimum price increment stated in full tick increments of 0.05 index points.

**Appendix B**

**CME Rulebook**

**Chapter 5**

**Trading Qualifications and Practices**

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

Instrument Name	Globex Symbol	Outright			Spreads	
		Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Ticks	NRR: Globex Format	NRR: Minimum Outright Ticks
<u>TACO on E-mini S&amp;P 500 Futures</u>	<u>ESQ</u>	<u>1.5 index points</u>	<u>150</u>	<u>30</u>	<u>N/A</u>	<u>N/A</u>

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

Product	Rulebook Chapter	Commodity Code	Primary/Associated	Associated With	Base in Real Economic Value	Level

## Appendix C

### Exchange Fees

Fees are charged per side (both buy and sell side) per contract.	Venue/Transaction Type	E-mini Equity Index Futures
Individual Members 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	EFP EFR Block BTIC TACO	<b>\$1.84</b>
Rule 106.D Lessees Rule 106.F Employees	EFP EFR Block BTIC TACO	<b>\$1.96</b>
Rule 106.R Electronic Corporate Member <i>(For other than CME Globex - See Non-Members)</i>	CME Globex - BTIC TACO	<b>\$2.14</b>
Rule 106.H and 106.N Firms Clearing Non-Equity Member Firms	EFP EFR Block BTIC TACO	<b>\$2.14</b>
International Incentive Program (IIP) Participants International Volume Incentive Program (IVIP) Participants <i>(For other than CME Globex - See Non-Members)</i>	CME Globex - BTIC TACO	<b>\$2.15</b>
Central Bank Incentive Program (CBIP) Participants Emerging Markets Bank Incentive Program (EMBIP) Participants Latin American Fund Manager Incentive Program (FMIP) Participants <i>(For other than CME Globex - See Non-Members)</i>	CME Globex - BTIC TACO	<b>\$2.15</b>
CBOE Members <i>(For S&amp;P Products Only; For All Other Products - See Non-Members)</i>	EFP EFR Block BTIC TACO	<b>\$2.10</b>
Non-Members	EFP EFR Block BTIC TACO	<b>\$2.15</b>

**Appendix D**

**Block Trade Minimum Threshold Level**

<b>Product Group</b>	<b>Clearing Code</b>	<b>Product Description</b>	<b>Block Threshold</b>	<b>Reporting Window</b>
Equities	ESQ	TACO on e-mini S&P 500 Futures	500	15

**Appendix E**

**Trading and Clearing Hours**

**TACO Trading and Clearing Hours (Eastern Time) for the  
E-mini Standard & Poor's 500 Stock Price Index Futures Contract**

<b>Day</b>	<b>Hours (Eastern Time)</b>
Sunday	6:00 p.m. - Monday 9:30 a.m.
Monday - Thursday	11:00 a.m. - 5:00 p.m. and 6:00 p.m. - 9:30 a.m.
Friday	11:00 a.m. - 5:00 p.m.
<b>Maintenance Period</b>	
Monday - Thursday	5:00 p.m. - 6:00 p.m.