

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 16-292

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

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

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

**Filing Date (mm/dd/yy):** August 12, 2016 **Filing Description:** Initial Listing of E-mini S&P Real Estate Select Sector Stock Index Futures

**SPECIFY FILING TYPE**

**Please note only ONE choice allowed per Submission.**

**Organization Rules and Rule Amendments**

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

**Rule Numbers:**

**New Product**

**Please note only ONE product per Submission.**

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

**Official Product Name:** See filing.

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

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

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

**Rule Numbers:**

August 12, 2016

**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 of Initial Listing of E-mini S&P Real Estate Select Sector Stock Index Futures Contract.  
CME Submission No. 16-292**

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 terms and conditions of E-mini S&P Real Estate Select Sector Stock Index Futures contract (the "Contract") for trading on the CME Globex electronic trading platform ("CME Globex") and for submission of block trades for clearing via CME ClearPort on Sunday, 28 August 2016, for first trade date of Monday, 29, August 2016.

- Section 1 summarizes Contract terms and conditions.
- Section 2 describes administration and governance of the Index.
- Section 3 establishes that the Index is 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 Contract.
- 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 terms and conditions of the Contract. 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.

## Section 1 – Contract Specifications for E-mini S&P Real Estate Select Sector Stock Index Futures

(Times referred to herein shall refer to and indicate Chicago time, unless otherwise noted.)

<b>Trading Unit</b>	\$250 x S&P Real Estate Select Sector Stock Index	
<b>Delivery Months</b>	Two nearest months in March Quarterly cycle (March, June, September, and December).  Delivery months for initial listing: Sep 2016 and Dec 2016	
<b>Price Basis and Minimum Price Increment</b>	Prices are quoted and traded in Index points. Minimum price increments -- Outright: 0.05 Index points, equal to \$12.50 per contract. Calendar spreads: 0.05 Index points, equal to \$12.50 per calendar spread. Basis Trade at Index Close (BTIC): 0.05 Index points, equal to \$12.50 per contract.	
<b>Price Limits</b>	Price limits for a given Business Day are made by reference to Fixing Price made by Exchange on previous Business Day, equal to volume weighted average price	
	<b>Interval</b>	<b>Price Limits</b>
	5:00pm to 8:30am	5% above Fixing Price to 5% below Fixing Price
	8:30am to 3:00pm	Sequential circuit breaker limits at 7%, 13%, and 20% below Fixing Price
	3:00pm to 4:15pm	\$5% above Fixing Price to 5% below Fixing Price, provided there is no breach of current day's circuit breaker limit of 20% below Fixing Price
	calculated on basis of futures trading activity between 2:59:30pm and 3:00:00pm.	
<b>Termination of Trading</b>	Trading in expiring contracts terminates at close of CME Globex trading on 3 <sup>rd</sup> Friday of contract delivery month.	
<b>Delivery</b>	Delivery is by cash settlement by reference to Final Settlement Price, equal to Index closing level.	
<b>Minimum Block Trade Threshold Level</b>	Outright: 50 contracts BTIC: 50 contracts	
<b>CME Globex Matching Algorithm</b>	F: First In, First Out (FIFO)	
<b>Trading Hours and Venue</b>	CME Globex: Sunday - Friday 5:00 p.m. - 4:00 p.m. with 15-minute trading halt Monday – Friday 3:15 p.m. - 3:30 p.m. Monday - Thursday 4:00 p.m. - 5:00 p.m.	
	<b>Product Code</b>	<b>XAR</b>
	<b>BTIC Code</b>	<b>XRT</b>
	Monday - Friday.	CME ClearPort: 5:00 p.m. to 4:00 p.m., Sunday - Friday,
	CME Rule Number: 369	

Exchange fees:

Membership Type	Venue / Fee Category	Applicable Fee
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	Delivery	\$0.09
	CME Globex	\$0.35
	EFP EFR Block	\$1.84
	Exercise Assign Future From	\$0.14
Rule 106.D Lessees Rule 106.F Employees	Delivery	\$0.21
	CME Globex	\$0.47
	EFP EFR Block	\$1.96
	Exercise Assign Future From	\$0.26
Rule 106.R Electronic Corporate Member <i>(For other than CME Globex - See Non-Members)</i>	CME Globex	\$0.50
Rule 106.H and 106.N Firms Clearing Non-Equity Member Firms	Delivery	\$0.39
	CME Globex	\$0.50
	EFP EFR Block	\$2.14
	Exercise Assign Future From	\$0.44
International Incentive Program (IIP) Participants International Volume Incentive Program (IVIP) Participants <i>(For other than CME Globex - See Non-Members)</i>	CME Globex	\$0.51
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 CME Globex - See Non-Members)</i>	CME Globex	\$0.76
CBOE Members <i>(For S&amp;P Products Only; For All Other Products - See Non-Members)</i>	Delivery	\$0.35
	CME Globex - Outrights	\$1.12
	CME Globex - Spreads	\$0.70
	EFP EFR Block	\$2.10
	Exercise Assign Future From	\$0.40
Members Trading Outside of Division <i>(For other than CME Globex During ETH - See Non-Members)</i>	CME Globex - During ETH Only	\$0.66
Non-Members <i>(Including: Latin American Commercial Incentive Program (LACIP) Participants &amp; CTA/Hedge Fund Incentive Program Participants)</i>	Delivery	\$0.40
	CME Globex - Outrights	\$1.17
	CME Globex - Spreads	\$0.75
	CME EFP EFR Block	\$2.15
	Exercise Assign Future From	\$0.45

## Section 2 – Index Administration and Governance

All components of the S&P 500 are assigned to at least one of eleven Select Sector Indices, which track major economic segments and are highly liquid benchmarks. Stock classifications are based on the Global Industry Classification Standard (GICS®). The membership of S&P Real Estate Select Sector includes constituents of the GICS Real Estate Industry Group, excluding Mortgage REITS. First value date is December 31, 2004. The index is quoted in U.S. Dollar.

Every Select Sector stock is also a constituent of the S&P 500. Focusing on the larger-cap segment of the market, the S&P 500 covers approximately 80% of available U.S. market cap. Companies in the S&P 500 are considered leading companies from leading industries of the U.S. economy.

The S&P Real Estate Select Sector Stock Index is a sub-index of the S&P 500. The methodology snapshot that follows applies to the S&P 500:

- Universe— All constituents must be S&P 500 constituents
- Rebalancing— Select Sector Indices are rebalances quarterly for reweighting purpose
- Modified Market Cap Weighting— Components are weighted by their float-adjusted market capitalization, subject to a cap as of each quarter rebalance.

For more information, including the complete methodology document: <http://www.spindices.com/indices/equity/real-estate-select-sector-index>

All information for an index prior to list Launch Date is back-tested, based on the methodology that was in effect on the Launch Date. Back-tested performance, which is hypothetical and not actual performance, is subject to inherent limitation because it reflects application of an Index methodology and selection of index constituents in hindsight. No theoretical approach can take into account all of the factors in the markets in general and impact of decisions that might have been made during the actual operation of an index. Actual returns may differ from, and be lower than, back-tested returns.

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

In respect of criterion (i), the number of Index component securities is 28, 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 6-month interval January 2016 through July 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 13 percent of index weight.

#### **Exhibit 1**

#### **CEA Section 1a(25) Narrow-Based Index Tests for the S&P Real Estate Select Sector Stock Index**

Quantiles of empirical distributions of daily measures of index characteristics, 19 January 2016 to 19 July 2016.

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	<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>	12.39	39.86	301.17
<i>75 Pctl</i>	11.97	38.48	174.17
<i>Median</i>	11.78	37.56	162.06
<i>25 Pctl</i>	11.38	36.42	143.44
<i>Minimum</i>	10.91	35.76	84.86

Data Source: Bloomberg LLC

Similar results were obtained 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 40 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 6-month sample analyzed here, daily values of trading volume in the Index's bottom-quartile constituent stocks reside in the neighborhood \$160 bln per day. The minimum observed daily trading volume is \$84 bln, which exceeds the test threshold by an order of magnitude.

## Section 4 – Block Trading Standards

Standards for block trading in the Contract shall be comparable to established standards that apply to other equity index futures products that the Exchange now lists for trading. The minimum size threshold for a block trade in a given futures contract for a given delivery month shall be 50 contracts, consistent with the minimum that applies to the majority of E-mini index futures products in which the Exchange permits block trades. Likewise, the minimum size threshold for a Basis Trade at Index Close ("BTIC") block transaction for a given delivery month shall be 50 contracts.

## 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 Contract 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**

The Contract underlying reference Index is 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

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requirement that such futures contracts are not readily susceptible to attempted cornering or manipulation.

As of 6 July 2016, the S&P Real Estate Select Sector Stock Index comprised 28 component stocks with approximate aggregate market capitalization of \$593.84 bln.<sup>1</sup> During the interval 19 January to 19 July 2016, the representative pace of turnover is approximately \$932 bln per day. (See Exhibit 2.)

**Exhibit 2 - Scale Measures for S&P Real Estate Select Sector Stock Index**

Left-hand panel: Quantiles of empirical distributions of daily trading value, 19 January 2016 to 19 July 2016.

	Aggregate trading value of index components (USD blns/day)	Aggregate market capitalization on 6 July 2016 (USD blns)
Maximum	3,096	593.84
75 Pctl	1,089	
Median	932	
25 Pctl	831	
Minimum	622	

Data Source: Bloomberg LLC

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

Trading in the Contract 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**

The Contract shall be subject to an All Month Position Limit of 25,000 net futures contract equivalents, and to a Position Reporting Level of 25 contracts. Both requirements are comparable to standards that apply to non-US equity index futures products currently listed for trading by the Exchange.

To place the prescribed Position Limits in context, consider market conditions on 6 July 2016. With the closing value of the S&P Real Estate Select Sector Stock Index at 162.24, the notional value of a hypothetical 25,000-contract limit position in E-mini S&P Real Estate Select Sector Stock Index futures would have been approximately \$1.014 billion (equal to (162.24 Index points) x (\$250 per Index point per contract) x (25,000 contracts)). This represents approximately 0.17 percent of the Index’s closing market capitalization of \$593.84 billion.

**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 Contract. 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**

<sup>1</sup> Bloomberg LLC

The Contract 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 Contract shall be subject to these provisions. The Exchange’s Market Regulation Department has the authority to exercise its powers of enforcement, in the event that rule violations in these products are identified.

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

Disputes in respect of the Contract 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 Contract complies 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 CME Rulebook Chapter 369  
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”) Table



## Appendix A

### CME Rulebook Chapter Chapter 369

#### E-mini Standard and Poor's Select Sector™ Stock Index Futures

##### **36900. SCOPE OF CHAPTER**

This chapter is limited in application to E-mini S&P Select Sector Stock Index futures (“futures”). In addition to this chapter, E-mini S&P Select Sector Stock Index futures shall be subject to the general rules and regulations of the Exchange as applicable.

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

##### **36900.A. Market Decline**

For the purposes of this chapter a Market Decline shall be as defined in New York Stock Exchange Rule 80B for Trading Halts Due to Extraordinary Volatility or in Nasdaq Stock Market Rule 4121 for Trading Halts Due to Extraordinary Volatility.

##### **36900.B. 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).

##### **36900.C. 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

##### **36901. CONTRACT SPECIFICATIONS**

Each E-mini S&P Select Sector Stock Index futures contract shall be constructed per the specifications included in the table below.

	<b>E-mini S&amp;P Select Sector Stock Index Futures Contract</b>	<b>Trading Unit (Contract Multiplier) &amp; Currency</b>	<b>Minimum Price Increment or Tick Size<sup>1</sup></b>
1	E-mini Consumer Discretionary Select Sector Futures	\$100.00 (USD)	0.10 Index Points (\$10.00)
2	E-mini Consumer Staples Select Sector Futures	\$100.00 (USD)	0.10 Index Points (\$10.00)
3	E-mini Energy Select Sector Futures	\$100.00 (USD)	0.10 Index Points (\$10.00)
4	E-mini Financial Select Sector Futures	\$250.00 (USD)	0.05 Index Points (\$12.50)
5	E-mini Health Care Select Sector Futures	\$100.00 (USD)	0.10 Index Points (\$10.00)

<sup>1</sup> See Rule 36906.C. (BTIC Orders Minimum Price Increment) for information on the minimum price increment or Tick Size for BTIC Transactions. BTIC trades that are completed are based on the closing stock index value, and will be cleared in price increments of 0.01 index points, because the underlying stock price index is reported to a two decimal place level of precision.

6	E-mini Industrial Select Sector Futures	\$100.00 (USD)	0.10 Index Points (\$10.00)
7	E-mini Materials Select Sector Futures	\$100.00 (USD)	0.10 Index Points (\$10.00)
8	E-mini Technology Select Sector Futures	\$100.00 (USD)	0.10 Index Points (\$10.00)
9	E-mini Utilities Select Sector Futures	\$100.00 (USD)	0.10 Index Points (\$10.00)
10	<u>E-mini Real Estate Select Sector Futures</u>	<u>\$250.00 (USD)</u>	<u>0.05 Index Points (\$12.50)</u>

## 36902. TRADING SPECIFICATIONS

### 36902.A. Trading Schedule

Futures contracts shall be scheduled for trading during such hours and for delivery in such months as may be determined by the Exchange.

### 36902.B. Trading Unit

The unit of trading for the respective E-mini S&P Select Sector Stock Index futures contract shall be as designated in Rule 36901.

### 36902.C. Price Increments

Bids and offers shall be quoted in terms of the respective E-mini S&P Select Sector Stock Index. The minimum fluctuation of the futures contract shall be as designated in Rule 36901.

### 36902.D. 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.

### 36902.E. [Reserved]

### 36902.F. [Reserved]

### 36902.G. Termination of Trading

Trading in expiring futures shall terminate at the regularly scheduled start of trading on the New York Stock Exchange on the Business Day scheduled for determination of the Final Settlement Price (Rule 36903.A.) for such futures.

### 36902.H. [Reserved]

### 36902.I. Price Limits and Trading Halts

Futures trading shall be subject to Price Limits as set forth in this Rule. For the purpose of this Rule the Exchange shall determine, in its sole discretion, the futures delivery month that represents the Primary Futures Contract Month and when such Primary Futures Contract Month is limit bid or limit offered.

#### 1. Daily Determination of Price Limits

For a given Business Day, Price Limits applicable to a futures contract for a given delivery month shall be calculated on the basis of the corresponding Reference Price (Rule 36902.I.1.a.) and the corresponding Offsets (Rule 36902.I.1.b.), as follows:

5% Price Limits = Reference Price minus 5% Offset, and Reference Price plus 5% Offset

7% Price Limit = Reference Price minus 7% Offset

13% Price Limit = Reference Price minus 13% Offset

20% Price Limit = Reference Price minus 20% Offset

### 1.a. Reference Prices for Price Limits

For a given Business Day, for futures for a given delivery month, the Exchange shall set a contract Reference Price on the first preceding Business Day, as follows:

#### Tier 1

Such Reference 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 Reference 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 Reference Price calculation shall exclude the midpoint value for any such bid/ask spread that is wider than 0.20 Index points (equal to two (2) minimum price increments) (two (2) minimum price increments or 0.10 Index points for E-mini Financial Select Sector Stock Index futures and E-mini Real Estate Select Sector Stock Index futures contracts).

#### Tier 3

If such Reference Price cannot be determined pursuant to Tier 1 or Tier 2, then the Exchange, in its sole discretion, shall set such Reference 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 and Tier 2 calculations to successive time intervals of increasing length, in integer multiples of thirty (30) seconds, until suitable price data are obtained.

The resultant Reference Price value shall be rounded down to the nearest integer multiple of 0.10 Index points (0.05 without remainder for the E-mini Financial Select Sector Stock Index Futures and E-mini Real Estate Select Sector Stock Index futures contracts). Such Reference Price, so rounded, shall be used for determination of the corresponding Price Limits.

For newly listed futures for a given delivery month, the Exchange shall set, in its sole discretion, a Reference Price value for the purpose of determining Price Limits for the first day of trading in such futures.

### 1.b. Offsets for Price Limits

For a given Business Day, the Exchange shall determine Offsets on the basis of the Index value ("I") at the close of trading on the Primary Listing Exchange (Rule 36900.B.) on the first preceding Business Day, as follows:

5% Offset = 5% of I (0.05 x I)

7% Offset = 7% of I (0.07 x I)

13% Offset = 13% of I (0.13 x I)

20% Offset = 20% of I (0.20 x I)

Each resultant Offset value shall be rounded down to the nearest integer multiple of 0.10 Index points (0.05 without remainder for the E-mini Financial Select Sector Stock Index Futures and E-mini Real Estate Select Sector Stock Index futures contracts). Each such Offset, so rounded, shall be used in determination of the corresponding Price Limits.

#### 2. Application of Price Limits from Start of Trading Day to 8:30 a.m.

From the start of any Trading Day until 8:30 a.m., there shall be no trading in futures for a given delivery month at any price that is either strictly lower than or strictly higher than the range defined by the 5% Price Limits (Rule 36902.1.1.) applicable to such futures on such Trading Day.

Without limitation to the foregoing, the start of any Trading Day generally shall coincide with the start of the CME Globex trading session at 5:00 p.m. on the evening first preceding such Trading Day.

If the Primary Futures Contract Month is limit bid or limit offered at 8:23 a.m. and remains limit bid or limit offered at 8:25 a.m., then futures trading shall halt and remain halted until 8:30 a.m. Prior to reopening of Globex trading in futures at 8:30 a.m., the Exchange shall provide indicative opening prices in accord with Rule 573.

#### 3. Application of Price Limits and Trading Halts from 8:30 a.m. to 2:25 p.m.

Except as provided in Rules 36902.1.3.a. and 36802.1.3.b., from 8:30 a.m. until and including 2:25 p.m., or from 8:30 a.m. until and including 11:25 a.m. in the case of an early scheduled close of the Primary

Listing Exchange, futures for a given delivery month shall trade subject to the corresponding Price Limits (Rule 36902.I.1.), as follows:

There shall be no futures trading at any price strictly lower than the corresponding 7% Price Limit, unless the Primary Futures Contract Month becomes limit offered at its 7% Price Limit.

At such time as the Primary Futures Contract Month becomes limit offered at its 7% Price Limit, the Exchange shall initiate a 2-minute observation interval. At the conclusion of such observation interval:

If the Primary Futures Contract Month is not limit offered at its 7% Price Limit, futures trading shall continue subject to the corresponding 13% Price Limit.

If the Primary Futures Contract Month remains limit offered at its 7% Price Limit, futures trading shall halt for two (2) minutes, and shall then resume subject to the corresponding 13% Price Limit.

At such time as the Primary Futures Contract Month becomes limit offered at its 13% Price Limit, the Exchange shall initiate a 2-minute observation interval. At the conclusion of such observation interval:

If the Primary Futures Contract Month is not limit offered at its 13% Price Limit, futures trading shall continue subject to the corresponding 20% Price Limit.

If the Primary Futures Contract Month remains limit offered at its 13% Price Limit, futures trading shall halt for two (2) minutes, and shall then resume subject to the corresponding 20% Price Limit.

There shall be no futures trading at any price strictly lower than the corresponding 20% Price Limit.

### 3.a. Regulatory Halts

At such time as the Primary Listing Exchange may declare a Regulatory Halt (Rule 36900.C.) in response to a Level 1 (7%) Market Decline in the S&P 500 Index, futures trading shall halt. When trading resumes on the Primary Listing Exchange, futures trading shall resume subject to the corresponding 13% Price Limit.

At such time as the Primary Listing Exchange may declare a Regulatory Halt in response to a Level 2 (13%) Market Decline in the S&P 500 Index, futures trading shall halt. When trading resumes on the Primary Listing Exchange, futures trading shall resume subject to the corresponding 20% Price Limit.

At such time as the Primary Listing Exchange may declare a Regulatory Halt in response to a Level 3 (20%) Market Decline in the S&P 500 Index, futures trading shall halt and remain halted until trading resumes on the Primary Listing Exchange on the following Business Day.

### 3.b. Unscheduled Non-Regulatory Halts

If an unscheduled trading halt that is not also a Regulatory Halt occurs on one or more Primary Listing Exchanges between 8:30 a.m. and 2:25 p.m., or between 8:30 a.m. and 11:25 a.m. in the case of an early scheduled close of the Primary Listing Exchange(s), then futures trading shall be subject to such trading halts or such price limits as the Exchange, in its sole discretion, may determine to be appropriate.

### 4. Application of Price Limits from 2:25 p.m. to 3:00 p.m.

From 2:25 p.m. to 3:00 p.m., or from 11:25 a.m. to noon in the case of an early scheduled close on the Primary Listing Exchange, trading in futures for a given delivery month shall be subject only to the corresponding 20% Price Limit (Rule 36902.I.1.).

At such time as the Primary Listing Exchange may declare a Regulatory Halt in response to a Level 3 (20%) Market Decline in the S&P 500 Index, futures trading shall halt and remain halted until trading resumes on the Primary Listing Exchange on the following Business Day.

### 5. Application of Price Limits from 3:00 p.m. to Close of Trading Day

From the close of trading on the Primary Listing Exchange at 3:00 p.m., or at noon in the case of an early scheduled close on the Primary Listing Exchange, until the close of the current Trading Day, trading in futures for a given delivery month shall be subject to an upper Price Limit equal to the corresponding Reference Price determined on the current Business Day (Rule 36902.I.1.a.) plus the 5% Offset determined on the current Business Day (Rule 36902.I.1.b.).

Trading in such futures also shall be subject to a lower Price Limit set as the corresponding Reference Price determined on the current Business Day minus the 5% Offset determined on the current Business Day, provided that such lower Price Limit shall be no lower than the 20% Price Limit (Rule 36902.I.1.) applicable to the current Trading Day.

Without limitation to the foregoing, the close of the current Trading Day generally shall coincide with the close of the CME Globex trading session on such Trading Day.

## **36903. SETTLEMENT PROCEDURES**

Delivery shall be by cash settlement.

**36903.A. Final Settlement Price**

For a futures contract for a given delivery month, the Final Settlement Price shall be a special opening quotation of the Index. Such special opening quotation shall be determined on the third Friday of such delivery month and shall be based on opening prices of the component stocks of the Index.

If the Index is not scheduled to be published on the third Friday of the contract delivery month, then such Final Settlement Price shall be scheduled for determination on the first preceding Business Day on which the Index is scheduled to be published.

If the Primary Listing Exchange does not open on the day scheduled for determination of such Final Settlement Price, then the Final Settlement Price shall be a special opening quotation of the Index on the next following day on which the Primary Listing Exchange is open for trading.

If a component stock of the Index does not trade on the day scheduled for determination of such Final Settlement Price, and the Primary Listing Exchange is open for trading, then for the purpose of calculating such Final Settlement Price the price of such stock shall be its closing price on the first preceding Primary Listing Exchange trading day, provided that the Exchange, in its sole discretion, may instruct that the price of such stock shall be the Primary Listing Exchange's Official Opening Price of such stock on the next following Primary Listing Exchange trading day.

**36903.B. Final Settlement**

Clearing members holding open positions in an expiring futures contract at its termination of trading (Rule 36902.G.) shall make payment to or receive payment from the Clearing House in accordance with normal variation margin procedures based on such expiring contract's Final Settlement Price (Rule 36903.A.).

**36904. [RESERVED]**

**36905. [RESERVED]**

**36906. BASIS TRADE AT INDEX CLOSE ("BTIC") TRANSACTIONS**

All BTIC transactions must be executed in accordance with the requirements of Rule 524.B.

**36906.A. BTIC Block Trade Requirements**

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 underlying primary securities market, 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 underlying primary securities market, the corresponding futures price shall be made by reference to the Index closing value for the next Trading Day.

**36906.B. BTIC Price Assignment Procedures**

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 securities market in the case of an early scheduled close of the primary securities market). Such price determination shall be deemed final.

**36906.C. BTIC Minimum Price Increment**

The valid basis or price increment applied to the Index closing value to establish the BTIC futures price must be stated in full tick increments of 0.10 index points for all E-mini S&P Select Sector Stock Index futures except for the E-mini S&P Financial Select Sector Stock Index futures and E-mini S&P Real Estate Select Sector Stock Index futures where the basis or price increment applied to the index close to establish the BTIC futures price must be stated in a full tick increments of 0.05 index points.

## **INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 369**

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**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

Instrument Name	Globex Symbol	Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Ticks
E-mini S&P Real Estate Select Sector Stock Index Futures	XAR	4.00 index points	400	80



## Appendix D

### **CME Rule 589. – (“Special Price Fluctuation Limits”) Table** (additions are underlined.)

Product	Rulebook Chapter	Commodity Code	Primary/ Associated	Associated With	Base in Real Economic Value	Level
<u>E-mini S&amp;P Real Estate Select Sector Stock Index Futures</u>	<u>369</u>	<u>XRA</u>	<u>Primary</u>			<u>See Rulebook Chapter</u>
<u>BTIC on E-mini S&amp;P Real Estate Select Sector Stock Index Futures</u>	<u>369</u>	<u>XRT</u>	<u>Associated</u>	<u>XRA</u>		<u>See Rulebook Chapter</u>