

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 19-265 (2 of 3)

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

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

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

**Filing Date (mm/dd/yy):** 08/22/19    **Filing Description:** Initial Listing of Nearby BTIC+ Futures on E-mini Standard and Poor's 500 Stock Price Index Futures, Deferred BTIC+ Futures on E-mini Standard and Poor's 500 Stock Price Index Futures, and TACO+ Futures on E-mini 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:**

August 22, 2019

**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 Nearby BTIC+ Futures on E-mini Standard and Poor's 500 Stock Price Index Futures, Deferred BTIC+ Futures on E-mini Standard and Poor's 500 Stock Price Index Futures, and TACO+ Futures on E-mini Standard and Poor's 500 Index Futures Contracts. CME Submission No. 19-265 (2 of 3)**

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 the Nearby BTIC+ Futures on E-mini Standard and Poor's 500 Stock Price Index Futures ("Nearby BTIC+ on ES"), Deferred BTIC+ Futures on E-mini Standard and Poor's 500 Stock Price Index Futures ("Deferred BTIC+ on ES"), and TACO+ Futures on E-mini Standard and Poor's 500 Index Futures ("TACO+ on ES") contracts (the "Contracts") for trading on the CME Globex electronic trading platform and for submission for clearing via CME ClearPort effective on Sunday, September 8, 2019 for trade date Monday, September 9, 2019.

BTIC+ and TACO+ Futures on E-mini Standard and Poor's 500 Stock Price Index Futures are futures contracts in which a long (short) position in an expiring contract, upon termination of trading, will be fulfilled by assignment of a long (short) position in a CME E-mini Standard and Poor's 500 Index ("ES") futures contract at an assignment price equal to the sum of the S&P 500 index marker level corresponding to either BTIC or TACO added to the final settlement price of the expiring BTIC+ or TACO+ contract.

In the case of a Nearby BTIC+ on ES future, the assignment price will be the officially published closing price of the Standard and Poor's 500 Price Index for such BTIC+ contract date plus the final settlement of the Nearby BTIC+ on ES contract itself (generally on the business day immediately prior to the delivery date).

In the case of a Deferred BTIC+ on ES future, the assignment price will be the officially published closing price of the Standard and Poor's 500 Price Index for such BTIC+ contract date plus the final settlement of the Deferred BTIC+ on ES contract itself (generally on the business day immediately prior to the delivery date).

In the case of a TACO+ on ES future, the assignment price will be the officially published Special Opening Quotation ("SOQ") of the Standard and Poor's 500 Price Index for such TACO+ contract date plus the final settlement of the TACO+ on ES contract itself (generally on the business day immediately prior to the delivery date).

Nearby BTIC+ on ES with the root symbol ES1 will deliver the ES future that is the “front month” future as of the delivery date. Similarly, Deferred BTIC+ on ES with root symbol ES2 will deliver the second closest ES future. For example, if an ES1 and ES2 future both expire on July 12, 2019, the ES1 future will deliver a SEP 2019 ES future, whereas the ES2 would deliver the “second” closest ES future, which would be the DEC 2019 ES future.

TACO+ on ES with the root symbol EQ1 will deliver a front month ES contract. For example, if an EQ1 expires on the 3<sup>rd</sup> Friday of July, namely July 19, 2019, the EQ1 future will deliver a SEP 2019 ES future at the basis plus the SOQ<sup>1</sup> for July 19, 2019.

For clarity, a TACO+ on ES future that has a delivery date that aligns with the quarterly ES expiration (e.g. the 3<sup>rd</sup> Friday of MAR, JUN, SEP or DEC), the “front” contract will not be the expiring ES future but the future that expires in 3 months.

The following table summarizes both the contract tenor to be delivered and the time of day for which a “marker” will be generated to which the basis will be added to determine a final transaction price of the ES future that is being delivered.

Type	Root	Delivery	Index marker
Nearby BTIC+ on ES	ES1	ES (front)	daily settlement (EOD)
Deferred BTIC+ on ES	ES2	ES (2nd)	daily settlement (EOD)
TACO+ on ES	EQ1	ES (front)	beginning of day (SOQ)

The ES1, ES2 and EQ1 contracts will also have a date convention that corresponds to the Delivery Date of the underlying future. The date convention will use the familiar “Month Code/Year digit/Day digits” format. As an example let us consider a contract with the symbol “ES2U911”. Moving from left to right:

- The character pair “ES” (as opposed to “EQ”) signifies that the contract will deliver an “ES” future via a BTIC (as opposed to a TACO).
- The numeral “2” signifies that the ES future that will be delivered will be the contract after the front contract. In this case, because the Delivery Date is prior to the 3<sup>rd</sup> Friday of September, the “second” contract would be the DEC ES future.
- Collectively the “U911” signifies September 11, 2019
  - “U” signifies September, following the “HMUZ” quarterly convention
  - “9” signifies the final digit of “2019”
  - “11” signifies the 11<sup>th</sup> day of the month

The delivery process using the example above of “ES2U911” will work as follows for a trader long 10 ES2U911 contracts who chooses to offset 4 of those by executing a regular spot BTIC to sell 4 ES futures:

- The Delivery Date is September 11, 2019
- The Last Trade Date is Tuesday September 10<sup>th</sup> (the Business day before the Deliver Date)
- At the end of the trading session on that Tuesday, a final price for the BTIC+ on Deferred ES future will be determined by the exchange for margin variation and accounting purposes. Let us assume that that price was “-2.15”
- For the Wednesday trading session, the long holder of the ten expiring contracts will be assigned a spot BTIC transaction to buy 10 ES futures at the basis of “-2.15” index points.
- During the trading session, the trader executes a sale of 4 ES via a live spot BTIC transaction at -2.10
- Assume the final index level for September 11 is 2222.50
- That night, the trader will be assigned 10 long ES futures at  $2222.50 + (-2.15) = 2220.35$
- That night, the trader will also be assigned 4 short ES futures at  $2222.50 + (-2.10) = 2220.40$

<sup>1</sup> See <http://www.cmegroup.com/education/understanding-the-special-opening-quotations-soq.html>  
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- The Trader’s net position change from these two separate BTIC transactions will be long 6 DEC 2019 ES futures.

Initially, the Exchange will list the contracts enumerated in the table below:

Contract Symbol	Marker symbol for the Basis Trade to be delivered	Underlying Deliverable via the Basis Trade	Delivery Date	Description
ES1U911	ESTU9	ESU9	9/11/2019	front ES via spot BTIC
ES1U913	ESTU9	ESU9	9/13/2019	front ES via spot BTIC
ES1U916	ESTU9	ESU9	9/16/2019	front ES via spot BTIC
ES1U918	ESTU9	ESU9	9/18/2019	front ES via spot BTIC
ES1U920	ESTZ9	ESZ9	9/20/2019	front ES via spot BTIC
ES1U923	ESTZ9	ESZ9	9/23/2019	front ES via spot BTIC
ES1U927	ESTZ9	ESZ9	9/27/2019	front ES via spot BTIC
ES1U930	ESTZ9	ESZ9	9/30/2019	front ES via spot BTIC
ES2U911	ESTZ9	ESZ9	9/11/2019	deferred ES via spot BTIC
ES2U913	ESTZ9	ESZ9	9/13/2019	deferred ES via spot BTIC
ES2U916	ESTZ9	ESZ9	9/16/2019	deferred ES via spot BTIC
EQ1U920	ESQZ9	ESZ9	9/20/2019	front ES via spot TACO
EQ1V918	ESQZ9	ESZ9	10/18/2019	front ES via spot TACO
EQ1X915	ESQZ9	ESZ9	11/15/2019	front ES via spot TACO

- Section 1 summarizes Contracts’ terms and conditions.
- Section 2 describes administration and governance of the Contracts.
- Section 3 establishes that the Contracts are not narrow-based according to standards set forth in Section 1a(35) 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 – Contracts’ terms and conditions

### Nearby BTIC+ Futures on E-mini Standard and Poor's 500 Stock Price Index Futures

Contract Unit	One (1) nearest expiring quarterly E-mini S&P 500 futures contract	
Minimum Price Fluctuation	Minimum Tick	0.05= \$2.50
Trading and Clearing Hours	CME Globex and CME ClearPort:	Sunday – Friday 6:00 p.m. - 5:00 p.m. Eastern Time/ET (5:00 p.m. - 4:00 p.m. Central/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: ES1 CME ClearPort: ES1	
Listed Contracts	Nearest 6 Monday, Wednesday, and Friday contract days for the nearest expiring month; and the next Friday; and the last trading day of the month, regardless of the day of the week. (2 Mondays, 2 Wednesdays, 3 Fridays, at any one time, and last trading day of the month)	
Termination of Trading	The last day of trading is the Exchange business date immediately preceding the delivery date.	
Exchange Rulebook Chapter	<a href="#">358B</a>	
Settlement Method	Physically settled into one (1) nearest ES future at an assigned price equal to the official closing index level plus the final settlement price of the FBTIC future determined on the LTD	
CME Globex Matching Algorithm	First-In, First-Out (FIFO) - F	
Underlying Contract	E-mini Standard and Poor's 500 Stock Price Index Futures/Commodity Code: ES	
Block Trade Minimum Threshold	500 contracts	

## Deferred BTIC+ Futures on E-mini Standard and Poor's 500 Stock Price Index Futures

Contract Unit	One (1) second nearest expiring quarterly E-mini S&P 500 futures contract	
Minimum Price Fluctuation	Minimum Tick	0.05= \$2.50
Trading and Clearing Hours	CME Globex/ CME ClearPort:	Sunday – Friday 6:00 p.m. - 5:00 p.m. Eastern Time/ET (5:00 p.m. - 4:00 p.m. Central/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: ES2 CME ClearPort: ES2	
Listed Contracts	Nearest 3 Monday, Wednesday, and Friday contract days for the second nearest expiring month.	
Termination of Trading	The last day of trading is the Exchange business date immediately preceding the delivery date.	
Exchange Rulebook Chapter	<a href="#">358B</a>	
Settlement Method	Physically settled into one (1) second nearest ES future at an assigned price equal to the official closing index level plus the final settlement price of the FBTIC future determined on the LTD	
CME Globex Matching Algorithm	First-In, First-Out (FIFO) - F	
Underlying Contract	E-mini Standard and Poor's 500 Stock Price Index Futures/Commodity Code: ES	
Block Trade Minimum Threshold	500 contracts	

## TACO+ Futures on E-mini Standard and Poor's 500 Stock Price Index Futures

Contract Unit	One (1) nearest expiring quarterly E-mini S&P 500 futures contract	
Minimum Price Fluctuation	Minimum Tick	0.05= \$2.50
Trading and Clearing Hours	CME Globex and CME ClearPort:	Sunday – Friday 6:00 p.m. - 5:00 p.m. Eastern Time/ET (5:00 p.m. - 4:00 p.m. Central/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: EQ1 CME ClearPort: EQ1	
Listed Contracts	3rd Friday of 3 consecutive months	
Termination of Trading	The last day of trading is the Exchange business date immediately preceding the delivery date.	
Exchange Rulebook Chapter	<a href="#">358B</a>	
Settlement Method	Physically settled into one (1) nearest ES future at an assigned price equal to the Special Opening Quotation (“SOQ”) of the index plus the final settlement price of the FTACO future determined on the LTD	
CME Globex Matching Algorithm	First-In, First-Out (FIFO) - F	
Underlying Contract	E-mini Standard and Poor’s 500 Stock Price Index Futures/Commodity Code: ES	
Block Trade Minimum Threshold	500 contracts	

## Section 2 - Index Administration and Governance

The S&P 500 Index is administered, calculated, and published by S&P Dow Jones Indices. Index constituents include approximately 500 leading US companies and capture approximately 80% coverage of US market capitalization. Index methodology is codified at:

<https://us.spindices.com/search/?ContentType=SupplementalMethodologies>

## 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(35) 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 \$50,000,000 (or in the case of an index with 15 or more component securities, less than \$30,000,000).

The S&P 500 Index fails to meet any of the criteria for consideration as a narrow-based index. The Exchange has determined, therefore, that futures contracts certified herein shall be listed for trading under the sole jurisdiction of the CFTC.

In respect of criterion (i), the number of Index component securities, as of March 11, 2019, the number of Index components was 505, exceeding the 9-security minimum threshold by at least one order of magnitude.

In respect of criteria (ii), (iii), and (iv), Exhibit 2 displays summary statistics of daily data for the interval September 4, 2018 through February 28, 2019.

### Exhibit 2 – CEA Section 1a(35) Narrow-Based Index Test for the Index

Quantiles of empirical distributions of daily measures of the S&P 500 Index characteristics, September 5, 2018 to February 28, 2019.

	<i>Criterion (ii)</i>  <i>Index weight of largest index component (pct)</i>	<i>Criterion (iii)</i>  <i>Aggregate index weight of largest 5 index components (pct)</i>	<i>Criterion (iv)</i>  <i>Trading volume of smallest index components aggregating to 25 pct of index weight (\$ billions / day)</i>
<i>Maximum</i>	4.23	14.70	53.41
<i>75 Pctl</i>	4.02	14.18	20.00



<i>Median</i>	3.44	13.65	17.32
<i>25 Pctl</i>	3.36	13.43	15.92
<i>Minimum</i>	3.20	12.91	7.54

Data Source: Bloomberg LLC

For criterion (ii), the share of Index weight occupied by the largest component stock, test results appear in the left-hand panel of Exhibit 2. For the Index, the entire distribution of daily outcomes resides 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 4.5 percent of Index weight.

Similar results obtain for criterion (iii), shown in the middle panel of Exhibit 2. The distribution of the aggregate weight of the Index's largest five component stocks lies well below the 60 percent threshold that would characterize a narrow-based index. The largest five members do not account for more than 15 percent of Index weight.

Summary statistics for distributions of trading volume, shown in Exhibit 3's right-hand panel, demonstrate that the Index is not narrow-based in the sense of criterion (iv). The test procedure is to rank the Index's component stocks from smallest market capitalization to largest, then to identify Index components with smallest market capitalizations in sufficient number to account for 25 percent of Index weight. If the representative aggregate daily trading volume of such identified Index components were less than \$30 million, then the Index would be considered narrow-based.

For the S&P 500 Index the typical pace of such trading volume runs consistently exceeds \$7.5 billion per day, two orders of magnitude beyond the test threshold.

## Section 4 – Block Trading Standards

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

## Section 5 - Compliance with Core Principles

The Exchange reviewed the designated contracts market core principles ("Core Principles") as set forth in the Act and has identified that listing the Contracts may bear upon the following Core Principles:

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

Trading in the futures 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 CME Rulebook. Trading activity in these Contracts shall be subject to monitoring and surveillance by CME Group's Market Regulation Department, which has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

### **Core Principle 3 – Contracts Not Readily Subject to Manipulation**

The underlying reference Index of the Contracts is judged to be sufficiently broad in definition and scope to deter attempted cornering, manipulation, crowding, or exertion of undue influence upon final settlements of expiring months.

As of March 11, 2019, the 505 component stocks of the S&P 500 Index represented aggregate market capitalization of \$23.38 trillion.

For the futures contracts assigned in fulfillment of open position in expiring Contracts, moreover, the final settlement price is based entirely upon transaction prices or actionable price indications made competitively and transparently on organized primary listing exchanges, under the regulatory supervision of the US Securities and Exchange Commission. Specifically, the final settlement price of any such assigned futures contract is a special opening quotation of the Index computed by S&P Dow Jones Indexes on the basis of

market order auctions for Index component stocks conducted on US primary listing exchanges between 9:29 am and 9:30 am New York time.<sup>2</sup>

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

Trading in the futures contracts certified herein shall be subject to CME Rulebook Chapters 4 and 7, which in each case 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 shall be subject to monitoring and surveillance by CME Group's Market Regulation Department.

As with any new product that is listed on a CME Group designated contract market and that references a broad-based index of US equity share prices, moreover, trading in the Contracts shall be subject to the US equity market-wide limit-up-limit-down mechanism set forth in the "Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS under the Securities Exchange Act of 1934"<sup>3</sup> and implemented under, eg, 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.

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

Futures certified herein each shall be subject to a Position Reporting Level of 25 contracts and an All-Month Position Limit of 60,000 Standard and Poor's 500 Stock Price Index futures ("SP") contract equivalents. The All-month Position Limit for the E-mini S&P 500 Index (ES) futures contract that is assignable to any expiring FBTIC or FTACO futures contract aggregates into SP at a ratio of five contracts per one SP contract (5 ES : 1 SP).

Index levels and market capitalizations as of March 11, 2019, exemplify the conservatism of these standards --

The S&P 500 Index closed at 2783.30, placing the notional value of a hypothetical 60,000 contract limit position in options on futures at approximately \$41.7 billion (equal to (2783.30 Index points) x (\$50 per Index point per contract) x (60,000 contracts) x (5/1 aggregation ratio)). This signifies less than 0.18 percent of the Index closing market capitalization of \$23.38 trillion.

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

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

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

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

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

The FBTIC and FTACO futures on the E-mini Standard and Poor's 500 Stock Price Index futures ("ES") will be listed for trading on the CME Globex electronic trading platform and for submission of clearing via CME

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<sup>2</sup> For the New York Stock Exchange and NASDAQ, a description of the daily market order auction process may be found at: <https://www.biva.mx/documents/30877/866719/MOQandMOC-on-NYSE-and-NSDQ-ITG.pdf/2e933d81-3ba7-f994-6720-086bc32460d4>

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

ClearPort. CME Globex provides for competitive and open execution of transactions and affords the benefits of reliability and global connectivity.

**Core Principle 10 – Trade Information**

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

**Core Principle 11 – Financial Integrity of Transactions**

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

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

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

**Core Principle 13 – Disciplinary Procedures**

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

**Core Principle 14 – Dispute Resolution**

Disputes in respect of the Contracts shall be subject to the arbitration provisions set forth in Chapter 6 of the CME Rulebook, which allow all non-members 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 non-member 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	CME Rulebook Chapters 358B
	Appendix B	Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook (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 Limits Table
	Appendix E	Exchange Fee Schedule

**Appendix A**  
**Chapter 358B**  
**BTIC+ and TACO+ Futures on**  
**E-mini Standard and Poor's 500 Stock Price Index Futures**

**358B00. SCOPE OF CHAPTER**

This chapter is limited in application to BTIC+ and TACO+ Futures on E-mini Standard and Poor's 500 Stock Price Index futures ("E-mini S&P 500 Index futures" or "ES futures"). In addition to this Chapter, futures shall be subject to the general rules and regulations of the Exchange as applicable.

Capitalized terms in this Chapter that are not otherwise defined in this Chapter shall have the meanings given to such terms in other Chapters of the Rules.

Except as noted, all times referenced in this Chapter are Chicago times and are subject to change by the Exchange.

**358B00.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.

**358B00.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).

**358B00.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.

**358B01. CONTRACT SPECIFICATIONS**

**358B01.A. Contract Grade**

The Basis Trade at Index Close ("BTIC") transaction assigned in fulfillment of any expiring Nearby BTIC+ Futures on E-mini S&P 500 Index Futures ("Nearby BTIC+ on ES") contract or expiring Deferred BTIC+ Futures on E-mini S&P 500 Index Futures ("Deferred BTIC+ on ES") contract, as defined below, and the Basis Trade at Cash Open ("TACO") transaction assigned in fulfillment of any expiring TACO+ Futures on E-mini S&P 500 Index Futures ("TACO+ on ES") contract, as defined below, shall be in accordance with Rules 524.B., Rule 35806.B, and Rule 35806.C.

**1. Nearby BTIC+ on ES**

The contract grade for an expiring Nearby BTIC+ on ES futures contract made under these Rules shall be a BTIC transaction in one (1) ES futures contract for delivery in the first March Quarterly month (March, June, September, or December) following the Delivery Date specified by the Exchange for such Nearby BTIC+ on ES futures contract, pursuant to Rule 358B02.E.

**2. Deferred BTIC+ on ES**

The contract grade for an expiring Deferred BTIC+ on ES futures contract made under these Rules shall be a BTIC transaction in one (1) ES futures contract for delivery in the second March Quarterly month following the Delivery Date, specified by the Exchange for such Deferred BTIC+ on ES futures contract, pursuant to Rule 358B02.E.

**3. TACO+ on ES**

The contract grade for an expiring TACO+ on ES futures contract made under these Rules shall be a TACO transaction in one (1) ES futures contract for delivery in the first March Quarterly month following

the Delivery Date specified by the Exchange for such TACO+ on ES futures contract, pursuant to Rule 358B02.E.

**358B01.B. Delivery**

Delivery shall apply to all positions in expiring futures contracts that remain open following termination of trading (Rule 358B02.G.). For any such futures contract, delivery shall occur on the Business Day specified by the Exchange when such futures contract is listed by the Exchange for trading.

To each long (short) position in an expiring futures contract in delivery, CME Clearing shall assign a long (short) position of one Contract Grade ES futures contract, pursuant to Rule 358B01.A., at a price level equal to the Final Settlement Price of such expiring futures contract, in accordance with Rule 358B03.A.

The BTIC transaction assigned in fulfillment of (i) an expiring Nearby BTIC+ on ES futures contract or (ii) an expiring Deferred BTIC+ on ES futures contract shall be priced in BTIC terms. The TACO transaction assigned in fulfillment of an expiring TACO+ on ES futures contract shall be priced in TACO terms.

**358B02. TRADING SPECIFICATIONS**

**358B02.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, *provided that* there shall be no trading in futures contracts when trading is halted in the Primary Futures Contract Month for E-mini S&P 500 Stock Price Index futures pursuant to Rule 35802.I.

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

**358B02.B. Trading Unit**

For any given futures contract, the trading unit shall be one ES futures contract (CME Chapter 358).

**358B02.C. Price Increments**

Bids and offers shall be quoted in ES futures contract price points ("price points"), in accordance with Rule 35802.C. The minimum price fluctuation shall be 0.05 price points, equal to \$2.50 per contract.

For avoidance of doubt, a BTIC+ or TACO+ futures contract may trade at positive or negative values, or at a value of zero, in accordance with Rules 524.B. and Rules 524.C.

**358B02.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.

**358B02.E. Delivery Date**

The Delivery Date for BTIC+ and TACO+ futures shall be the date on which a long (short) position in the corresponding ES future will be assigned to the holder of an open long (short) position in such BTIC+ or TACO+ future. Such Delivery Date shall be as specified by the Exchange.

**358B02.F. Last Trade Date**

The Last Trade Date for BTIC+ and TACO+ futures shall be the Business Day immediately preceding the Delivery Date for such futures.

### **358B02.G. Termination of Trading**

Trading in expiring (i) Nearby BTIC+ on ES futures and (ii) Deferred BTIC+ on ES futures shall terminate at the regularly scheduled close of trading on the Primary Listing Exchanges on the Last Trade Date (Rule 358B02.F.) for such futures.

Trading in expiring TACO+ on ES futures shall terminate at the regularly scheduled open of trading on the Primary Listing Exchanges on the Last Trade Date (Rule 358B02.F.) for such futures.

### **358B02.H. Contract Modifications**

Contract specifications shall be fixed as of the first day of trading in any futures contract, *provided that* all deliveries must conform to government regulations in force at the time of delivery. If any U.S. government agency or body issues an order, ruling, directive or law pertaining to the trading or delivery of futures contracts made under these Rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subjected to such government orders.

### **358B02.I. [Reserved]**

## **358B03. SETTLEMENT PROCEDURES**

### **358B03.A. Final Settlement Price**

For a futures contract for a given delivery day, the Final Settlement Price shall be determined on the Last Trade Date.

### **358B03.B. Delivery Price**

For a futures contract for a given delivery day, the Delivery Price shall be the Final Settlement Price plus

- (i) the official closing Index level on the Delivery Date for Nearby BTIC+ on ES futures contracts or,
- (ii) the official closing Index level on the Delivery Date for Deferred BTIC+ on ES futures contracts or,
- (iii) the special opening quotation level of the Index on the Delivery Date for TACO+ on ES futures contracts, in accord with CME Rule 35803.A.

### **358B03.C. Final Settlement**

1. Clearing members holding a long (short) position in an expiring Nearby BTIC+ on ES futures contract at its Termination of Trading (Rule 358B02.G.) will be assigned a BTIC transaction to buy (sell) an ES futures contract on such Nearby BTIC+ futures contract's Delivery Date. Such BTIC transaction to buy (sell) shall be assigned with a price equal to the Final Settlement Price of such contract. Such assigned BTIC transaction to buy (sell) an ES future will settle in accordance with the BTIC Price Assignment Procedures (Rule 35806.B.1) resulting in the clearing member being assigned a long (short) position in an ES future at the Delivery Price.
2. Clearing members holding a long (short) position in an expiring Deferred BTIC+ on ES futures contract at its Termination of Trading (Rule 358B02.G.) will be assigned a BTIC transaction to buy (sell) an ES futures contract on such Deferred BTIC+ futures contract's Delivery Date. Such BTIC transaction to buy (sell) shall be assigned with a price equal to the Final Settlement Price of such contract. Such assigned BTIC transaction to buy (sell) an ES future will settle in accordance with the BTIC Price Assignment Procedures (Rule 35806.B.1) resulting in the clearing member being assigned a long (short) position in an ES future at the Delivery Price.
3. Clearing members holding a long (short) position in an expiring TACO+ on ES futures contract at its Termination of Trading (Rule 358B02.G.) will be assigned a TACO transaction to buy (sell) an ES futures contract on such TACO+ futures contract's Delivery Date. Such TACO transaction to buy shall be assigned with a price equal to the Final Settlement Price of such contract. Such assigned TACO transaction to buy (sell) an ES future will settle in accordance with the TACO Price Assignment Procedures (Rule 35806.B.2) resulting in the clearing member being assigned a long (short) position in an ES future at the Delivery Price.

**358B04. [RESERVED]**

**358B05. [RESERVED]**

**358B06. [RESERVED]**

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 358B**

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**Appendix B**

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

**Position Limit, Position Accountability, and Reportable Level Table**

(attached under separate cover)



**Appendix C**

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

**CME Rule 588.H. – ("Globex Non-Reviewable Trading Ranges") Table**

(additions **underlined**)

Instrument Name	Outright				Spreads	
	Globex Symbol	Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Ticks	NRR: Globex Format	NRR: Minimum Outright Ticks
<u>Nearby BTIC+ Futures on E-mini Standard and Poor's 500 Stock Price Index Futures</u>	<u>ES1</u>	<u>1.5 index points</u>	<u>150</u>	<u>30</u>	<u>N/A</u>	<u>N/A</u>
<u>Deferred BTIC+ Futures on E-mini Standard and Poor's 500 Stock Price Index Futures</u>	<u>ES2</u>	<u>1.5 index points</u>	<u>150</u>	<u>30</u>	<u>N/A</u>	<u>N/A</u>
<u>TACO+ Futures on E-mini Standard and Poor's 500 Stock Price Index Futures</u>	<u>EQ1</u>	<u>1.5 index points</u>	<u>150</u>	<u>30</u>	<u>N/A</u>	<u>N/A</u>

**Appendix D**

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

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

(additions **underlined**)

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<b>Product</b>	<b>Rulebook Chapter</b>	<b>Commodity Code</b>	<b>Primary/Associated</b>	<b>Associated With</b>	<b>Daily Price Limit</b>
<u>Nearby BTIC+ Futures on E-mini Standard and Poor's 500 Stock Price Index Futures</u>	<u>358B</u>	<u>ES1</u>	<u>Associated</u>	<u>ES</u>	<u>Daily Price Limit Table</u>
<u>Deferred BTIC+ Futures on E-mini Standard and Poor's 500 Stock Price Index Futures</u>	<u>358B</u>	<u>ES2</u>	<u>Associated</u>	<u>ES</u>	<u>Daily Price Limit Table</u>
<u>TACO+ Futures on E-mini Standard and Poor's 500 Stock Price Index Futures</u>	<u>358B</u>	<u>EQ1</u>	<u>Associated</u>	<u>ES</u>	<u>Daily Price Limit Table</u>

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## Appendix E

### Exchange Fees

Membership Type	Venue/Transaction Type	Fee*
Individual Members Clearing Members Rule 106.J Equity Member Firms & Rule 106.J Qualified Subsidiaries Rule 106.I Members & Rule 106.I Qualified Affiliates Rule 106.S Member Approved Funds	CME Globex/Block	\$1.84
Rule 106.D Lessees Rule 106.F Employees	CME Globex/Block	\$1.96
Rule 106.R Electronic Corporate Members	CME Globex/Block	\$2.14
Rule 106.H and 106.N Firms Clearing Non-Equity Member Firms	CME Globex/Block	\$2.14
International Incentive Program (IIP) and International Volume Incentive Program (IVIP) Participants	CME Globex/Block	\$2.15
Central Bank Incentive Program (CBIP), Emerging Markets Bank Incentive Program (EMBIP), Latin American Fund Manager Incentive Program (FMIP), Participants	CME Globex/Block	\$2.15
CBOE Members	CME Globex/Block	\$2.10
Non-Members	CME Globex/Block	\$2.15

\*Discount of \$1.25 through September 30, 2019.

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