

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 20-330

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

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

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

**Filing Date (mm/dd/yy):** 08/24/20

**Filing Description:** Amendments to the Exercise Price Rule of the Options on Three-Month Eurodollar and Three-Month SOFR Futures Contracts-Addition of 6.25 Basis Point Strike Price Intervals

**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:** See filing.

**New Product**

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

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

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

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

**Official Name(s) of Product(s) Affected:** See filing.

**Rule Numbers:** See filing.

August 24, 2020

**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 Regarding Amendments to the Exercise Price Rule of the Options on Three-Month Eurodollar and Three-Month SOFR Futures Contracts – Addition of 6.25 Basis Point Strike Price Intervals. CME Submission No. 20-330**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) hereby certifies to the Commission amendments to the Exercise Price rule of the Options on Three-Month Eurodollar Futures (Rulebook Chapter 452A) and Options on Three-Month SOFR Futures contracts (Rulebook Chapter 460A) (the “Contracts”) for trading on the CME trading floor, the CME Globex trading platform (“CME Globex”) and for submission of clearing via CME ClearPort (collectively, the “Rule Amendments”).

Specifically, the Exchange is amending Rule 452A01.E. and Rule 460A01.E. (“Exercise Prices”) of the Contracts to provide the addition of a 6.25 basis point strike price interval within the current range of 150 basis points to the four Serial and two nearest Quarterly expiries of the Contracts as noted in Exhibit 1 below. The first contract months with a 6.25 basis point interval shall be October 2020, November 2020, January 2021, February 2021 (Serial), December 2020 and March 2021 (Quarterly).

Exhibit 1 –  
 (additions underscored; deletions ~~struck through~~)

<i>Contract Title</i>	<i>CME Globex/Trading Floor/Clearing Code</i>	<i>Four Serials and Two Nearest Quarterlies</i>	<i>All Other Expirations</i>
<i>Options on Three-Month Eurodollar Futures</i>	GE/ED/ED	<del>6,25 Basis Points</del> <del>12.5 Basis Points</del> 25 Basis Points	12.5 Basis Points 25 Basis Points
<i>Options on Three-Month SOFR Futures</i>	SR3/SR3/SR3	<del>6,25 Basis Points</del> <del>12.5 Basis Points</del> 25 Basis Points	12.5 Basis Points 25 Basis Points

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 following Core Principles may be impacted by this initiative as follows:

- **Compliance with Rules:** Trading in the Contracts is subject to the rules in CME Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in these Contracts is also be subject to the full panoply of trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. As with all products listed for trading on one of CME Group’s designated contract markets, activity in these products is subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.
- **Contracts Not Readily Subject to Manipulation:** These Contracts are not readily subject to manipulation due to the deep liquidity and robustness in the underlying futures market, which provides diverse participation.
- **Prevention of Market Disruption:** Trading in these Contracts is subject to the Rules of CME which include prohibitions on manipulation, price distortion and disruptions of the cash settlement process. As with all products listed for trading on one of CME Group’s designated contract markets, activity in these products is subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department.
- **Availability of General Information:** The Exchange will amend the CME rulebook accordingly which is publicly available on the CME Group website. In addition, the Exchange will publish a Special Executive Report (“SER”) to advise the marketplace of the Rule Amendments. The SER will also be posted on the CME Group website.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the Rule 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>.

Should you have any questions concerning the above, please contact the undersigned 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 Rulebook Chapter 452A (blackline format)  
 Appendix B – Amendments to CME Rulebook Chapter 460A (blackline format)

## **Appendix A**

### **CME Rulebook**

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

#### **Chapter 452A**

#### **Options on Three-Month Eurodollar Futures**

##### **452A01.E. Exercise Prices**

###### **1. Twenty-Five Point Exercise Prices**

For options for a given expiration date that are exercisable into a given underlying futures contract, exercise prices shall be stated in terms of the IMM Index for such underlying futures contract and shall be stated in intervals whose last two digits are 00, 25, 50, or 75 ("twenty-five point exercise prices") for all IMM Index levels, e.g., 88.00, 88.25, 88.50, 88.75.

The Exchange shall list put and call options for trading at the exercise price that is nearest the previous day's settlement price of such underlying futures contract ("at-the-money exercise price") and at all eligible exercise prices in a range from 5.50 IMM Index points above to 5.50 IMM Index points below such at-the-money exercise price. Thereafter until termination of trading in such options, the Exchange shall ensure that put and call options are listed for trading on each day at all eligible exercise prices in a range from 5.50 IMM Index points above to 5.50 IMM Index points below the at-the-money exercise price for such underlying futures contract. New options may be listed for trading up to and including the termination of trading.

###### **2. Special Listings of 12.5 Point Exercise Prices**

For options for a given expiration date that are exercisable into a given underlying futures contract, **with the exception of certain option expiries with 6.25 Point Exercise Prices (Rule 452A01.E.3.)**, additional exercise prices shall be stated in intervals whose last three digits are 12.5, 37.5, 62.5, or 87.5 ("12.5 point exercise prices") for all IMM Index levels, e.g., 93.125, 93.375, 93.625, 93.875.

~~Until termination of trading in such options,~~ The Exchange shall ensure that put and call options are listed for trading on each day at all such 12.5 point exercise prices in a range from 1.50 IMM Index points above to 1.50 IMM Index points below the at-the-money exercise price for such underlying futures contract.

###### **3. Special Listings of 6.25 Point Exercise Prices**

**From time to time as determined by the Exchange, additional exercise prices for selected expiries will be made available in intervals whose last four digits are 06.25, 12.50, 18.75, 31.25, 37.50, 43.75, 56.25, 62.50, 68.75, 81.25, 87.50, or 93.75 ("6.25 point exercise prices") for all IMM Index levels, e.g., 93.0625, 93.1250, 93.1875, 93.3125, 93.3750, 93.4375, 93.5625, 93.6250, 93.6875, 93.8125, 93.8750, 93.9375.**

**Until termination of trading in such options, the Exchange shall ensure that put and call options are listed for trading on each day at all such 6.25 point exercise prices in a range from 1.50 IMM Index points above to 1.50 IMM Index points below the at-the-money exercise price for such underlying futures contract.**

## **Appendix B**

### **CME Rulebook**

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

#### **Chapter 460A**

#### **Options on Three-Month SOFR Futures**

##### **460A01.E. Exercise Prices**

###### **1. Twenty-Five Point Exercise Prices**

For options for a given expiration date that are exercisable into a given underlying futures contract, exercise prices shall be stated in terms of the IMM Index for such underlying futures contract and shall be stated in intervals whose last two digits are 00, 25, 50, or 75 ("twenty-five point exercise prices") for all IMM Index levels, e.g., 88.00, 88.25, 88.50, 88.75.

The Exchange shall list put and call options for trading at the exercise price that is nearest the previous day's settlement price of such underlying futures contract ("at-the-money exercise price") and at all eligible exercise prices in a range from 5.50 IMM Index points above to 5.50 IMM Index points below such at-the-money exercise price. Thereafter until termination of trading in such options, the Exchange shall ensure that put and call options are listed for trading on each day at all eligible exercise prices in a range from 5.50 IMM Index points above to 5.50 IMM Index points below the at-the-money exercise price for such underlying futures contract. New options may be listed for trading up to and including the termination of trading.

###### **2. Special Listings of 12.5 Point Exercise Prices**

For options for a given expiration date that are exercisable into a given underlying futures contract, **with the exception of certain option expiries with 6.25 Point Exercise Prices (Rule 460A01.E.3.)**, additional exercise prices shall be stated in intervals whose last three digits are 12.5, 37.5, 62.5, or 87.5 ("12.5 point exercise prices") for all IMM Index levels, e.g., 93.125, 93.375, 93.625, 93.875.

~~Until termination of trading in such options,~~ The Exchange shall ensure that put and call options are listed for trading on each day at all such 12.5 point exercise prices in a range from 1.50 IMM Index points above to 1.50 IMM Index points below the at-the-money exercise price for such underlying futures contract.

###### **3. Special Listings of 6.25 Point Exercise Prices**

**From time to time as determined by the Exchange, additional exercise prices for selected expiries will be made available in intervals whose last four digits are 06.25, 12.50, 18.75, 31.25, 37.50, 43.75, 56.25, 62.50, 68.75, 81.25, 87.50, or 93.75 ("6.25 point exercise prices") for all IMM Index levels, e.g., 93.0625, 93.1250, 93.1875, 93.3125, 93.3750, 93.4375, 93.5625, 93.6250, 93.6875, 93.8125, 93.8750, 93.9375.**

**Until termination of trading in such options, the Exchange shall ensure that put and call options are listed for trading on each day at all such 6.25 point exercise prices in a range from 1.50 IMM Index points above to 1.50 IMM Index points below the at-the-money exercise price for such underlying futures contract.**