

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 22-413

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 10/17/22 Filing Description: Initial Listing of the USD Denominated TOPIX Index Futures Contract

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

**Rule Numbers:**

**New Product**

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

**Official Product Name:** USD Denominated TOPIX Index Futures.

**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:**

October 17, 2022

**VIA ELECTRONIC PORTAL**

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

**Re: CFTC Regulation 40.2(a) Certification. Notification Regarding the Initial Listing of the USD Denominated TOPIX Index Futures Contract. CME Submission No. 22-413**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) hereby certifies to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the initial listing of USD Denominated TOPIX Index Futures contract (the “Contract”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort effective on Sunday, November 20, 2022, for trade date Monday, November 21, 2022, as set forth below.

Contract Title	Commodity Code	BTIC Code	Rulebook Chapter
USD Denominated TOPIX Index Futures	TPD	TPT	CME 376

The underlying reference for the Contract will be the Tokyo Stock Price Index (“TOPIX”). The Contract’s specifications closely resemble those for the Exchange’s established Japanese equity price index futures products. These comprise Nikkei Stock Average futures (CME Rulebook Chapter 352), Yen Denominated Nikkei Stock Average futures (CME Rulebook Chapter 352B), E-mini Yen Denominated Nikkei Stock Average Index futures (CME Rulebook Chapter 370) and Yen Denominated TOPIX Index futures (CME Rulebook Chapter 371).

## Section 1 - Contract Specifications

<b>Contract Title</b>	USD Denominated TOPIX Index Futures
<b>Rulebook Chapter</b>	CME 376
<b>Commodity Codes</b>	CME Globex and CME ClearPort: TPD BTIC: TPT
<b>Contract Size</b>	\$50 x TOPIX Index
<b>Underlying Index</b>	TOPIX (Tokyo Stock Price Index)
<b>Price Quotation</b>	U.S. Dollars and cents per index point
<b>Trading and Clearing Hours</b>	<p><b>CME Globex Preopen:</b> TPD and TPT: Sunday 5:00 p.m. - 6:00 p.m. Eastern Prevailing Time (EPT); Monday - Thursday: 5:45 p.m. - 6:00 p.m. EPT</p> <p><b>CME Globex</b> TPD: Sunday - Friday 6:00 p.m. - 5:00 p.m. EPT with a 60-minute break each day beginning at 5:00 p.m. ET</p> <p>TPT: Sunday - Friday 6:00 p.m. - 3:00 p.m. Tokyo time (1:00 a.m. or 2:00 a.m. EPT)</p> <p><b>CME ClearPort</b> Sunday 6:00 p.m. - Friday 6:45 p.m. EPT with no reporting Monday – Thursday 6:45 p.m. – 7:00 p.m. EPT</p>
<b>Listing Schedule</b>	Five quarterly months (March quarterly cycle - Mar, Jun, Sep, Dec)
<b>Initial Listing Schedule</b>	Dec-22, Mar-23, Jun-23, Sep-23, Dec-23
<b>Minimum Price Fluctuation</b>	TPD and Calendar Spreads: 0.50 index points (\$25.00) TPT: 0.025 index points (\$1.25)
<b>Min Daily Settle Tick</b>	TPD: 0.50. TPT: 0.01
<b>Final Settle Tick</b>	TPD: 0.01. TPT: 0.01
<b>Price Limits</b>	Daily price limits based upon the previous day's Reference Price (TOPIX VWAP on Osaka Exchange +/- 3 Offset levels: 8%/12%/16%)
<b>Termination of Trading</b>	<p>TPD: The Exchange business day preceding the second Friday of each contract month (if the second Friday is a not a JPX Market Innovation &amp; Research, Inc. (JPXI) business day, it shall be the Exchange business day which precedes the JPXI business day prior to the second Friday).</p> <p>TPT: Trading terminates at 3:00 p.m. Tokyo time (1:00 a.m. or 2:00 a.m. EPT) on the Exchange business day preceding the second Friday of each contract month (if the second Friday is a not a JPXI business day, it shall be the Exchange business day which precedes the JPXI business day prior to the second Friday).</p>
<b>Settlement Method</b>	Financial
<b>Final Settlement</b>	Delivery is by cash settlement by reference to Final Settlement Price, equal to the Index Special Quotation based on opening prices of Index component stocks on Tokyo Stock Exchange on 2nd Friday of expiring contract's delivery month.
<b>Block Trade Minimum Threshold</b>	Not eligible for block trading
<b>CME Globex Matching Algorithm</b>	F: First In First Out (FIFO)

The Contract shall be G-Cross eligible pursuant to CME Rule 539. ("Prearranged, Pre-Negotiated and Noncompetitive Trades Prohibited").

## Section 2 – Index Administration and Governance

The Tokyo Stock Price Index (“TOPIX,” “Index,” or “TOPIX Index”) is calculated and published by JPX Market Innovation & Research, Inc<sup>1</sup>, a subsidiary of the JPX and the Tokyo Stock Exchange, Inc. (“TSE”). It is currently disseminated in real time at the rate of once per second through the TSE Market Information System. TSE was the first Asian stock exchange to be accepted into the Inter-market Surveillance Group (ISG) in June 2000 (*from their [Annual report 2001](#)*).

JPX is not a price reporting agency, the final settlement price for the Contract is the TOPIX Special Opening Quotation (“SOQ”) which is JPX property and published on their website and via vendors like Bloomberg and Reuters.

TOPIX is a market benchmark with functionality as an investable index, covering an extensive proportion of the Japanese stock market. TOPIX is a free-float adjusted market capitalization-weighted index. TOPIX shows the measure of current market capitalization assuming that market capitalization as of the base date (January 4, 1968) is 100 points. This is a measure of the overall trend in the stock market, and is used as a benchmark for investment in Japan stocks.

In respect of Index governance, JPX Market Innovation & Research (JPXI), Inc. established the governance, processes and controls to comply with the IOSCO Principles and has expressed its compliance with the IOSCO in the “Statement of Compliance with the IOSCO Principles for Financial Benchmarks.”

TSE Introduced “Index Consultation” function” and established “Index Advisory Panel” to further improve independence and the fairness of the index calculation process.

As a corporation, it has established an appropriate corporate governance structure which clearly separates business execution and oversight functions. Both calculation and publication of stock price indices are subject to an internal audit within the exchange’s internal control framework, and compliance with relevant rules and validity of business execution are both subject to regular verification.”

PricewaterhouseCoopers Aarata LLC has provided independent reasonable assurance on the governance, processes and controls established by JPXI to comply with the IOSCO Principles.

Regarding TSE’s adherence to the IOSCO Principles for Financial Benchmarks in its administration of the Index, *“TSE stipulates, documents, and publishes the calculation methodology for TOPIX and all other indices it calculates. The stock prices used for TSE’s indices are formed [on the basis of] fair trading conducted according to the fully disclosed and transparent rules of the exchange. In addition, TSE’s stock price indices are automatically calculated and published using the exchange’s index calculation system and market information system, respectively. As there is no room for arbitrariness or conflicts of interest in the process of calculation and disclosure, TSE is confident that it complies with the [IOSCO] Principles.”*<sup>2</sup>

The JPX Group established a new consolidated subsidiary, JPX Market Innovation & Research, Inc. on December 1, 2021 and it commenced operations on April 1, 2022. The index calculation work conducted by TSE was transferred to JPX Market Innovation & Research, Inc. on April 1, 2022.

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<sup>1</sup> Index methodology is detailed in – [https://www.jpjx.co.jp/english/markets/indices/line-up/files/e\\_fac2\\_3\\_topix.pdf](https://www.jpjx.co.jp/english/markets/indices/line-up/files/e_fac2_3_topix.pdf)

<sup>2</sup>Tokyo Stock Exchange, Inc, Statement of Compliance with the IOSCO Principles for Financial Benchmarks <https://www.jpjx.co.jp/english/markets/indices/governance/related-regulation/IOSCOReport2022E.pdf>  
Policies Concerning Calculation of TSE Indices: [https://www.jpjx.co.jp/english/markets/indices/governance/related-regulation/e2\\_policy01.pdf](https://www.jpjx.co.jp/english/markets/indices/governance/related-regulation/e2_policy01.pdf)

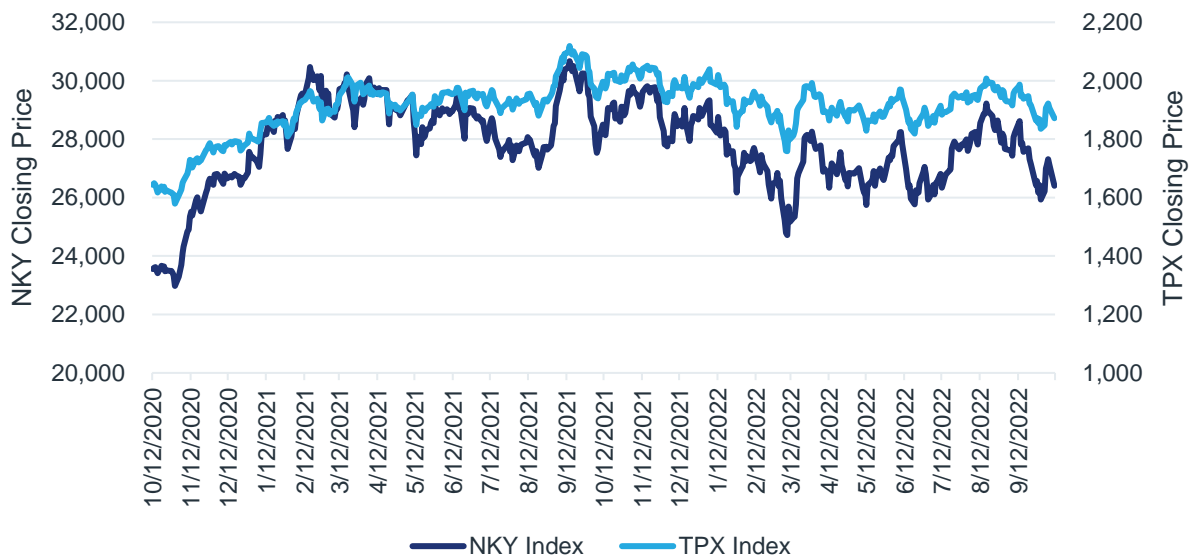
As of September 28, 2022, the Index comprises 2169 constituent firms, with aggregate market capitalization of ¥382 trillion. The following statistics describe the distribution of Index constituents in terms of their individual market capitalizations (in ¥ mln).<sup>3</sup>

Largest	32,401,565
Average	317,401
Median	43,294
Smallest	1,698

The largest single constituent signifies 3.8% of index weight. The largest 10 constituents represent 18.0% of index weight.

**Comparable Index**

The Nikkei 225 Index (Bloomberg symbol: NKY) is a price-weighted average of 225 top-rated Japanese companies listed in the Tokyo Stock Exchange and is comparable to the TOPIX Index (Bloomberg symbol: TPX). Statistical linear regression of daily closing price data between the two indices over the past 2 years shows a correlation of 0.95.



Data source: Bloomberg

<sup>3</sup> All data from Bloomberg as of September 28, 2022.

## Section 3 – Index Evaluation

The Index meets all tests for consideration as a broad-based index. The Exchange determined therefore the Contract would be listed for trading and clearing under the sole jurisdiction of the CFTC.

The Commodity Exchange Act (“CEA” or “Act”) 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 TOPIX Index fails to meet any of the criteria for consideration as a narrow-based index. The Exchange has determined, therefore, that US Dollar Denominated TOPIX Index Futures shall be listed for trading under the sole jurisdiction of the CFTC.

In respect of criterion (i), as of September 28, 2022, the number of Index components was 2169 for the TOPIX Index. The number of Index constituents exceeds the 9-security minimum threshold.

In respect of criteria (ii), (iii), and (iv), Exhibit 2 displays summary statistics of daily data for the six-month interval from March 22 to September 16, 2022.

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

Quantiles of empirical distributions of daily measures of index characteristics, March 22, 2022 to September 16, 2022 (“TPX” = TOPIX Index)

	<i>Criterion (ii)</i> <i>Index weight of largest index component</i> <i>(pct)</i>	<i>Criterion (iii)</i> <i>Aggregate index weight of largest 5 index components</i> <i>(pct)</i>	<i>Criterion (iv)</i> <i>Trading volume of smallest index components aggregating to 25 pct of index weight</i> <i>(\$ billions / day)</i>
	TPX	TPX	TPX
<i>Maximum</i>	4.37%	12.55%	\$12.81
<i>75 Pctl</i>	4.12%	12.27%	\$6.88
<i>Median</i>	4.01%	12.17%	\$6.18
<i>25 Pctl</i>	3.87%	12.03%	\$5.58
<i>Minimum</i>	3.71%	11.60%	\$4.47

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. The entire distribution of daily outcomes resides well below

the 30 percent threshold that would signify a narrow-based index. At no point does the Index's largest component stock even account for more than 4.4 percent of Index weight.

Similar results obtain for criterion (iii), shown in the middle panel of Exhibit 2. The distribution of aggregate weight of the Index's largest five component stocks also lies well below the 60 percent threshold that would characterize a narrow-based index. In no instance do the largest five members of the Index account for more than 13 percent of Index weight.

Summary statistics for distributions of trading volume, shown in Exhibit 2'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 this Index, the typical pace of such trading volume consistently exceeds \$4.4 billion per day.

### Exhibit 3 – Daily Total Volume of Stocks in TOPIX Index

Quantiles of Total Volume Traded in the TOPIX Index August 26, 2022 to September 27, 2022.

Date	Open Price (Dollar)	High Price (Dollar)	Low Price (Dollar)	Close (Dollar)	Volume
9/27/2022	12.93	13	12.92	12.93	1,195,496,832
9/26/2022	13.09	13.09	12.89	12.9	1,582,167,808
9/22/2022	13.38	13.48	13.37	13.46	1,201,386,880
9/21/2022	13.39	13.4	13.3	13.3	1,115,189,632
9/20/2022	13.59	13.63	13.54	13.56	1,074,190,336
9/16/2022	13.55	13.59	13.52	13.55	1,458,667,648
9/15/2022	13.58	13.62	13.56	13.59	935,299,904
9/14/2022	13.68	13.69	13.58	13.63	1,238,669,056
9/13/2022	13.73	13.77	13.7	13.77	968,651,072
9/12/2022	13.93	13.96	13.88	13.92	968,435,776
9/9/2022	13.74	13.81	13.73	13.79	1,275,076,224
9/8/2022	13.42	13.58	13.42	13.58	1,255,482,112
9/7/2022	13.31	13.31	13.21	13.28	1,168,077,440
9/6/2022	13.5	13.57	13.45	13.48	894,691,008
9/5/2022	13.7	13.75	13.67	13.73	853,078,080
9/2/2022	13.83	13.83	13.7	13.76	1,076,650,240
9/1/2022	13.89	13.93	13.82	13.82	1,144,537,088
8/31/2022	14.07	14.15	14.06	14.15	1,377,395,968
8/30/2022	14.11	14.2	14.09	14.19	1,051,711,808
8/29/2022	14.04	14.05	13.95	14.01	1,122,782,848
8/26/2022	14.45	14.48	14.41	14.41	906,568,000
				ADV	1,136,390,750

Data Source: Bloomberg

## Section 4 – Compliance with Core Principles

The Exchange reviewed the designated contract market core principles (“DCM Core Principles”) as set forth in the Act and identified that the following DCM Core Principles may be impacted as follows:

### **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 this Contract 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 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 underlying reference index of the Contract is sufficiently broad in definition and scope, and adequately large in terms of market capitalization and level of trading activity, to satisfy the requirement that such futures contract is not readily susceptible to attempted cornering, manipulation, crowding, or exertion of undue influence upon final settlements of expiring Contract.

As of September 28, 2022, the TOPIX Index had a market capitalization of JPY 382 trillion.

The final settlement price of an expiring contract is based entirely upon a special quotation of the Index computed by the TSE on the basis of market clearing opening auctions conducted on the TSE for each of the Index component stocks.<sup>4</sup>

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

Trading in the Contract will be subject to CME Rulebook Chapters 4 and 8, 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 Contract certified herein will be subject to monitoring and surveillance by CME Group’s Market Regulation Department. The Exchange will initially and may on an ongoing basis supplement the monitoring process by providing expiration surveillance reports to the Commission’s Division of Market Oversight staff.

Trading in the Contract shall be subject to price limits similar to price limits that apply to all other futures products listed for trading on CME that reference broad-based indexes of Japanese equity share prices, such as Nikkei Stock Average Futures (CME Rulebook Chapter 352), Yen Denominated Nikkei Stock Average Futures (CME Rulebook Chapter 352B), E-mini Yen Denominated Nikkei Stock Average Index Futures (CME Rulebook Chapter 370)<sup>5</sup>, and Yen Denominated TOPIX Index Futures (CME Rulebook 371).

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

The Contract shall be subject to a Position Reporting Level of 50 contracts and to an All Month Position Limit of 20,000 net futures contract equivalents to be aggregated with the Yen Denominated TOPIX Index Futures Contract (Globex Code: TPY. CME Rulebook 371).

To appreciate the proportions of the All Month Position Limit, consider market conditions on As of September 28, 2022. The TOPIX Index closing value was 1,855.15 points. A hypothetical 20,000-

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<sup>4</sup> See, Calculation Method - Tokyo Stock Exchange Index Guidebook  
[https://www.jpx.co.jp/english/markets/indices/topix/tvdivg00000030ne-att/e\\_cal2\\_30\\_topix.pdf](https://www.jpx.co.jp/english/markets/indices/topix/tvdivg00000030ne-att/e_cal2_30_topix.pdf)

<sup>5</sup> See, respectively, CME Rules 35202.I., 352B02.I, and 37002.I.



contract size position would have signified notional Index exposure around Yen 185,515,000,000 (equal to (1,855.15 Index points) x the parent Yen Denominated TOPIX Index Futures contract (5,000 times the TOPIX Index) x (20,000 contracts), or approximately USD 1,272,131,934 of Index exposure at that day's exchange rate of JPY/USD 145.83. With Index market capitalization at approximately JPY 382 trillion, the All Month Position Limit signifies slightly less than 0.05 percent of Index market capitalization.

#### ***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. The SER will also 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 Contract on the CME Group website and through quote vendors.

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

The Contract will be listed for trading on the CME Globex electronic trading and for clearing through CME ClearPort. The CME Globex electronic trading venue provides for competitive and open execution of transactions. CME Globex 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 Contract 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 the Exchange's competitive trading venues and will apply to transactions in the Contract.

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

Chapter 4 of the CME Rulebook provide 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 the Contract are identified.

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

Disputes in respect of the Contract shall be subject to the arbitration provisions set forth in Chapter 6 of both the CME Rulebook, 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.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.2(a), the Exchange certifies that listing 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-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 CME Rulebook Chapter 376  
Appendix B Position Limit, Position Accountability, and Reportable Level Table  
in Chapter 5 of the CME Rulebook (attached under separate cover)  
Appendix C CME Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table  
Appendix D CME Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table  
Appendix E Exchange Fees

## Appendix A

### **CME Rulebook Chapter 376 USD Denominated TOPIX Index Futures**

#### **37600. SCOPE OF CHAPTER**

This chapter is limited in application to USD Denominated TOPIX Index Futures. In addition to this chapter, futures shall be subject to the general rules and regulations of the Exchange as applicable. Unless otherwise specified, times referenced herein shall refer to and indicate Chicago time.

#### **37601. CONTRACT SPECIFICATIONS**

Each futures contract shall be valued at USD 50 times the TOPIX Index ("Index").

#### **37602. TRADING SPECIFICATIONS**

##### **37602.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.

##### **37602.B. Trading Unit**

The unit of trading shall be \$50 times the Index.

##### **37602.C. Price Increments**

Bids and offers shall be quoted in Index points. Subject to Rule 37606.C., the minimum price increment shall be 0.50 Index points, equal to \$25 per contract.

##### **37602.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.

##### **37602.E. [Reserved]**

##### **37602.F. [Reserved]**

##### **37602.G. Termination of Trading**

Trading in expiring futures shall terminate at the close of trading on the Business Day immediately preceding the Business Day scheduled for determination of the Final Settlement Price of such futures (Rule 37603.A.).

##### **37602.H. [Reserved]**

##### **37602.I. Price Limits and Trading Halts**

The primary futures contract month, as referenced in this rule, shall be determined by the Exchange. The Exchange shall also determine when the primary futures contract month is limit bid or limit offered. There shall be no Daily Price Limits in a contract on its last day of trading.

##### **Reference Prices for Price Limits and Exchange Trading Halts**

Daily price limits in futures will be established relative to the contract rounded Reference Price ("P") which shall be determined by the Exchange as follows:

- Tier 1 Such Reference Price shall be based on the volume-weighted average price of transactions in TOPIX futures for the same delivery month, executed on the Osaka Exchange, Inc ("OSE") either during the interval between 2:59:30 to 3:00:00 p.m. Tokyo time or, in the event of an early close of the OSE, during the last thirty (30) seconds of the OSE trading day ("Reference Interval").
- Tier 2 If no such transaction occurs during the Reference Interval, then such Reference Price shall be the average of midpoints of bid/ask spreads in TOPIX futures for the same delivery month, as quoted on the OSE 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 1.5 Index points (equal to 3 minimum price increments).

Tier 3 If such Reference Price cannot be determined pursuant to Tiers 1 and 2 above, 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 0.5 Index points. Such Reference Price, so rounded, shall be used for determination of the corresponding Price Limits.

If, on any CME Business Day, the OSE TOPIX futures market is closed for trading, then the Reference Price used for the calculation of daily Price Limits shall be the most recently calculated Reference Price.

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.

Exchange Price Limit Levels: Price Limits shall be calculated daily based upon the rounded Reference Price, P, and Offset levels.

There will be three (3) Offset levels used to determine the three daily upward and the three daily downward Price Limits.

The three Offset levels will be:

$$8\% \text{ Offset} = (8\% \times P)$$

$$12\% \text{ Offset} = (12\% \times P)$$

$$16\% \text{ Offset} = (16\% \times P)$$

Each resultant Offset value shall be rounded down to the nearest integer multiple of 0.5 Index points. Each such Offset, so rounded, shall be used in determination of the corresponding Price Limits, in accord with Rule 37602.1.1.

The Daily Price Limits for TOPIX futures shall be calculated as follows:

$$1^{\text{st}} \text{ Price Limits equals Rounded Reference Price (P) } \pm 8\% \text{ Offset level}$$

$$2^{\text{nd}} \text{ Price Limits equals Rounded Reference Price (P) } \pm 12\% \text{ Offset level}$$

$$3^{\text{rd}} \text{ Price Limits equals Rounded Reference Price (P) } \pm 16\% \text{ Offset level}$$

If, on any CME Business Day, the OSE TOPIX futures market is closed for trading, then the Reference Price used for the calculation of daily Price Limits shall be the most recently calculated Reference Price.

#### **Downward Price Limits**

At such time as the Primary Futures Contract becomes limit offered at the downward 8% Price Limit, the Exchange shall initiate a 2-minute observation interval. At the conclusion of such observation interval:

If the Primary Futures Contract is not limit offered at its downward 8% Price Limit, futures trading shall continue subject to the corresponding downward 12% Price Limit.

If the Primary Futures Contract remains limit offered at its downward 8% Price Limit, futures trading shall halt for two (2) minutes, and shall then resume subject to the corresponding downward 12% Price Limit.

At such time as the Primary Futures Contract becomes limit offered at its downward 12% Price Limit, the Exchange shall initiate a 2-minute observation interval. At the conclusion of such observation interval:

If the Primary Futures Contract is not limit offered at its downward 12% Price Limit, futures trading shall continue subject to the corresponding 16% Price Limit.

If the Primary Futures Contract remains limit offered at its downward 12% Price Limit, futures trading shall halt for two (2) minutes, and shall then resume subject to the corresponding downward 16% Price Limit.

There shall be no futures trading at any price strictly lower than the corresponding downward 16% Price Limit.

#### **Upward Price Limits**

At such time as the Primary Futures Contract becomes limit bid at the upward 8% Price Limit, the Exchange shall initiate a 2-minute observation interval. At the conclusion of such observation interval:

If the Primary Futures Contract is not limit bid at its upward 8% Price Limit, futures trading shall resume subject to the corresponding upward 12% Price Limit.

If the Primary Futures Contract remains limit bid at its upward 8% Price Limit, futures trading shall halt for two (2) minutes, and shall then resume subject to the corresponding upward 12% Price Limit.

At such time as the Primary Futures Contract becomes limit bid at its upward 12% Price Limit, the Exchange shall initiate a 2-minute observation interval. At the conclusion of such observation interval:

If the Primary Futures Contract is not limit bid at its upward 12% Price Limit, futures trading shall resume subject to the corresponding upward 16% Price Limit.

If the Primary Futures Contract remains limit bid at its upward 12% Price Limit, futures trading shall halt for two (2) minutes, and shall then resume subject to the corresponding upward 16% Price Limit.

There shall be no futures trading at any price strictly higher than the corresponding upward 16% Price Limit.

### **37603. SETTLEMENT PROCEDURES**

Delivery shall be by cash settlement.

#### **37603.A. Final Settlement Price**

For a futures contract for a given delivery month, the Final Settlement Price shall be based on the special quotation of the Index, determined by the JPX Market Innovation & Research, Inc. (JPXI) on the basis of opening prices on the Tokyo Stock Exchange (TSE) of each Index component stock. The Final Settlement Price shall be such special quotation of the Index rounded to the nearest 0.01 Index points.

Such special quotation of the Index and the corresponding Final Settlement Price typically shall be determined on the second Friday of such delivery month. When the second Friday of such delivery month is not a JPXI business day, such special quotation of the Index and the corresponding Final Settlement Price shall be determined on the JPXI business day immediately preceding the second Friday of such delivery month.

#### **37603.B. Final Settlement**

Clearing members holding open positions in an expiring futures contract at its termination of trading (Rule 37602.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 37603.A.).

### **37604. [RESERVED]**

### **37605. [RESERVED]**

### **37606. BASIS TRADE AT INDEX CLOSE ("BTIC") TRANSACTIONS**

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

Notwithstanding the provisions in Rule 524.B.2., BTIC transactions are permitted on the last day of trading for the contract.

For the purposes of Rule 37606. The Primary Listing Exchange shall be defined as Tokyo Stock Exchange (TSE).

#### **37606.A. Reserved**

#### **37606.B. BTIC Price Assignment Procedures**

The price assignment procedures for BTIC transactions shall follow Rule 524.B.3.

#### **37606.C. BTIC Minimum Price Increments**

The minimum price increment shall be 0.025 Index points, equal to \$1.25 per contract, for any basis adjustment that is applied to the Index closing level to establish the futures price of a BTIC transaction.

#### **37606.D. Market Disruption Events**

In the event of a market disruption in the Primary Listing Exchange, that precludes a valid closing index value for the underlying index, all pending and executed BTIC transactions in the corresponding futures contract shall be cancelled by the Exchange. Such disruption shall be declared by the Exchange in its sole discretion, and may include, without limitation, an unscheduled early close of the Primary Listing Exchange or a regulatory trading halt necessitating an early closure of the Primary Listing Exchange.

**37606.E. {Reserved}**

(End Chapter 376)

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

Instrument	Globex Symbol	Globex Non-Reviewable Ranges (NRR)	Outrights		Spreads	
			NRR: Globex Format	NRR: Minimum Ticks	NRR: Globex Format	NRR: Outright Minimum Ticks
<u>USD Denominated TOPIX Index Futures</u>	<u>TPD</u>	<u>8.00 index points</u>	<u>8000</u>	<u>16</u>	<u>2000</u>	<u>4</u>
<u>BTIC on USD Denominated TOPIX Index Futures</u>	<u>TPT</u>	<u>2.00 index points</u>	<u>2000</u>	<u>80</u>	<u>N/A</u>	<u>N/A</u>

**Appendix D**

**CME Rulebook  
Chapter 5  
("Trading Qualifications and Practices")  
Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table  
(additions underlined)**

Product	Rulebook Chapter	Commodity Code	Primary/Associated	Associated With	Daily Price Limit	Dynamically Calculated Variant (Excluding Regular Trading Hours)
<u>USD Denominated TOPIX Index Futures</u>	<u>376</u>	<u>TPD</u>	<u>Primary</u>	<u>Primary</u>	<u>Daily Price Limit Table</u>	<u>3.5% of Dynamically Calculated Reference Price</u>
<u>BTIC on USD Denominated TOPIX Index Futures</u>	<u>376</u>	<u>TPT</u>	<u>Associated</u>	<u>TPY</u>	<u>Daily Price Limit Table</u>	

**Appendix E**  
**Applicable CME Exchange Fees**

Membership Type	Venue/Transaction Type	Exchange 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	\$0.80
	EFP	\$2.05
	EFR	\$2.05
	BTIC	\$2.05
	Block	\$2.05
	Delivery	\$0.30
	Exe Asn Future From	\$0.35
Rule 106.D Lessees Rule 106.F Employees	CME Globex	\$1.03
	EFP	\$2.28
	EFR	\$2.28
	Block	\$2.28
	BTIC	\$2.28
	Delivery	\$0.53
	Exe Asn Future From	\$0.58
Rule 106.R Electronic Corporate Members (For other than CME Globex - Non-Member rates apply)	CME Globex	\$1.08
	CME Globex - BTIC	\$2.43
Rule 106.H and 106.N Firms Clearing Non-Equity Member Firms	CME Globex	\$1.08
	EFP	\$2.43
	EFR	\$2.43
	Block	\$2.43
	BTIC	\$2.43
	Delivery	\$0.68
	Exe Asn Future From	\$0.73
International Incentive Program (IIP) Participants International Volume Incentive Program (IVIP) Participants (For other than CME Globex - Non-Member rates apply)	CME Globex	\$1.10
	CME Globex – BTIC	\$2.65
Central Bank Incentive Program (CBIP) Participants Latin American Fund Manager Incentive Program (FMIP) Participants (For other than CME Globex - Non-Member rates apply)	CME Globex	N/A
Members Trading Outside of Division (For other than CME Globex During ETH - Non-Member rates apply)	CME Globex During ETH Only	\$1.40
Non-Members	CME Globex - Outright	\$2.15
	CME Globex - Spreads	\$1.90
	EFP	\$2.65
	EFR	\$2.65
	Block	\$2.65
	BTIC	\$2.65
	Delivery	\$0.90
	Exe Asn Future From	\$0.95

Processing Fees	Fee
Position Adjustment/Position Transfer	\$0.10
Give-Up Surcharge	\$0.05
Facilitation Fee	\$0.40