

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 19-367

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

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 10/30/19 Filing Description: Initial Listing of the E-mini S&P 500 ESG 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

**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 30, 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 the E-mini S&P 500 ESG Index Futures Contract.  
CME Submission No. 19-367**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) hereby notifies the Commodity Futures Trading Commission (“CFTC”) that it is self-certifying terms and conditions for E-mini S&P 500 ESG Index Futures (“Contract”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort effective on Sunday, November 17, 2019, for trade date Monday, November 18, 2019. The underlying reference for the Contract shall be the S&P 500 ESG Index (“Index”).

In what follows:

- Section 1 summarizes Contract terms and conditions and Exchange Fees.
- Section 2 describes administration and governance of the Index.
- Section 3 establishes that the Index is not narrow-based by the standards set forth in Section 1a(35) of the Commodity Exchange Act (“CEA” or “Act”).
- Section 4 delineates standards for block trading in the Contract.
- Section 5 addresses compliance of CME Rules and Rule amendments certified herein with the pertinent Core Principles for Designated Contract Markets (“Core Principles”) set forth in the Act.

Exhibit A presents the CME Rulebook Chapter governing Contract terms and conditions. Exhibit B addresses applicable position limits and reportable position levels pursuant to CME Rulebook Chapter 5. Exhibit C sets forth the applicable CME Globex non-reviewable trading ranges as prescribed in CME Rule 588.H., and Exhibit D defines the pertinent special price fluctuation limits pursuant to CME Rule 589.

## Section 1 -- Contract Specifications and Exchange Fees

Exhibit 1 summarizes Contract specifications, which closely resemble those of other US equity index futures products listed for trading on the Exchange. Applicable Exchange fees appear in Exhibit 2.

### Exhibit 1 -- Specifications for the E-mini S&P 500 ESG Index Futures Contract

(All times of day are Chicago time.)

<i>Commodity Codes</i>	<i>Outright:</i> ESG <i>Basis Trade at Index Close ("BTIC"):</i> EGT								
<i>CME Rulebook Chapter</i>	364								
<i>Trading Unit</i>	\$500 x Index								
<i>Delivery Months</i>	Nearest five (5) consecutive months in March Quarterly cycle (March, June, September, December). Delivery months for initial listing: Dec 2019, Mar 2020, June 2020, Sep 2020, Dec 2020.								
<i>Price Basis and Minimum Price Increment</i>	Prices are quoted and traded in Index points. Minimum price increments are as follows --  <i>Outright:</i> 0.02 Index points, equal to \$10 per Contract. <i>Calendar spread:</i> 0.01 Index points, equal to \$5 per calendar spread. <i>BTIC:</i> 0.01 Index points, equal to \$5 per contract.								
<i>Price Limits</i>	Price limits for any Business Day are made by reference to Fixing Price made by Exchange on previous Business Day, equal to volume-weighted average price calculated on basis of futures trading activity between 2:59:30pm and 3:00:00pm on previous Business Day.  <table border="1"> <thead> <tr> <th><i>Interval</i></th> <th><i>Price Limits</i></th> </tr> </thead> <tbody> <tr> <td>5:00pm to 8:30am</td> <td>5% below Fixing Price and 5% above Fixing Price</td> </tr> <tr> <td>8:30am to 3:00pm</td> <td>Sequential circuit breaker limits at 7%, 13%, and 20% below Fixing Price</td> </tr> <tr> <td>3:00pm to 4:15pm</td> <td>\$5% below Fixing Price and 5% above Fixing Price, provided there is no breach of current day's circuit breaker limit of 20% below Fixing Price</td> </tr> </tbody> </table>	<i>Interval</i>	<i>Price Limits</i>	5:00pm to 8:30am	5% below Fixing Price and 5% above Fixing Price	8:30am to 3:00pm	Sequential circuit breaker limits at 7%, 13%, and 20% below Fixing Price	3:00pm to 4:15pm	\$5% below Fixing Price and 5% above Fixing Price, provided there is no breach of current day's circuit breaker limit of 20% below Fixing Price
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3:00pm to 4:15pm	\$5% below Fixing Price and 5% above Fixing Price, provided there is no breach of current day's circuit breaker limit of 20% below Fixing Price								
<i>Termination of Trading</i>	<i>Last Day of Trading</i> is 3 <sup>rd</sup> Friday of Contract delivery month.  Trading in expiring Contracts terminates at regularly scheduled opening of trading on primary listing exchanges, typically 8:30 am, on Last Day of Trading.								
<i>Delivery</i>	Delivery is by cash settlement by reference to Final Settlement Price, equal to special opening quotation of Index based on opening prices of Index component stocks on Last Day of Trading.								
<i>Position Limits and Reportable Levels</i>	<i>Position Reportability:</i> 100+ contracts <i>All-Month Position Limit:</i> 300,000+ contracts								
<i>Minimum Block Trade Threshold Level</i>	500 Contracts.  Any outright block trade or BTIC block trade must be reported to Exchange by seller within 5 minutes of transaction during Regular Trading Hours, and within 15 minutes of transaction otherwise.								
<i>Trading and Clearing Hours</i>	<i>CME Globex:</i> 5pm to 4pm, Sun-Fri, with trading halt from 3:15pm to 3:30pm, Mon-Fri. <i>CME ClearPort:</i> 5pm to 4pm, Sun-Fri.								
<i>CME Globex Matching Algorithm</i>	F: First In First Out (FIFO)								

**Exhibit 2 – Exchange Fees**

<b>Membership Type</b>	<b>Venue/Transaction Type</b>	<b>Fee</b>
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	\$0.35
	EFP	\$1.84
	EFR	\$1.84
	BTIC	\$1.84
	Delivery	\$0.09
Rule 106.D Lessees Rule 106.F Employees	CME Globex	\$0.47
	EFP	\$1.96
	EFR	\$1.96
	BTIC	\$1.96
	Delivery	\$0.21
Rule 106.R Electronic Corporate Members (For other than CME Globex - Non-Member rates apply)	CME Globex	\$0.50
	CME Globex - BTIC	\$2.14
Rule 106.H and 106.N Firms Clearing Non-Equity Member Firms	CME Globex	\$0.60
	EFP	\$2.14
	EFR	\$2.14
	BTIC	\$2.14
	Delivery	\$0.39
International Incentive Program (IIP) and International Volume Incentive Program (IVIP) Participants (For other than CME Globex - Non-Member rates apply)	CME Globex	\$0.60
	CME Globex - BTIC	\$2.15
Central Bank Incentive Program (CBIP), Emerging Markets Bank Incentive Program (EMBIP), Latin American Fund Manager Incentive Program (FMIP), Participants (For other than CME Globex - Non-Member rates apply)	CME Globex - Outrights	\$0.92
	CME Globex - Spreads	\$0.80
	Globex - BTIC	\$2.15
CBOE Members	Globex - Outrights	\$1.13
	Globex - Spreads	\$0.75
	EFP	\$2.10
	EFR	\$2.10
	BTIC	\$2.10
Members Trading Outside of Division (For other than CME Globex During ETH - Non-Member rates apply)	Delivery	\$0.35
	CME Globex - During ETH Only	\$0.66
Non-Members	CME Globex - Outrights	\$1.18
	CME Globex – Spreads	\$0.80
	EFP	\$2.15
	EFR	\$2.15
	BTIC	\$2.15
	Delivery	\$0.40

<b>Processing Fees</b>	<b>Fee</b>
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

### Unit of Trade

The Contract unit of trade will be the Index multiplied by \$500. For example, at 250.76 points (the Index's closing level on Wednesday, September 11, 2019), the Contract unit of trade would be valued at \$125,380.

### Delivery and Delivery Months

Trading in expiring Contracts will terminate at the opening of US primary listing exchanges, typically 8:30 am, on the third Friday of each March, June, September, or December. (All times of day referenced here and elsewhere in this document are Chicago time, unless otherwise noted.) Each expiring Contract will deliver by cash settlement via final mark-to-market by reference to the Contract final settlement price, equal to the special opening quotation of the Index, based on the opening prices of all Index component stocks on the futures contract's last day of trading.

Delivery months listed for trading initially will comprise the five March Quarterly months from December 2019 through December 2020, inclusive.

### Price Basis and Minimum Price Increments

Contract prices will be quoted and made in terms of Index points. The minimum price increment for an outright trade will be 0.02 Index points, equal to \$10.00 per Contract. The minimum price increment for any BTIC transaction will be 0.01 Index points, equal to \$5.00 per Contract. For any intramarket calendar spread transaction, the minimum price increment will be 0.01 Index points, equal to \$5.00 per calendar spread.

### Price Limits

As with any new Exchange product that references a broad-based index of US equity share prices, trading in Contracts will be subject to price limits harmonized with the market-wide circuit breaker mechanism promulgated by the US National Market System, regulated by the Securities and Exchange Commission ("SEC"), set forth in FINRA Rule 6121.02 ("Market-wide Circuit Breakers in NMS Stocks"), and codified under New York Stock Exchange Rule 80B for Trading Halts Due to Extraordinary Volatility or Nasdaq Stock Market Rule 4121 for Trading Halts Due to Extraordinary Volatility.

## Section 2 – Index Administration and Governance

### Index Definition<sup>1</sup>

The Contract's underlying reference, the S&P 500 ESG Index, is administered and published by S&P Dow Jones Indices LLC ("SPDJ"). It is a broad-based, market-capitalization-weighted index designed (1) to provide a broadly similar risk/return profile to the S&P 500 Index and (2) to provide a measure of the price behavior of equity shares of S&P 500 Index component firms that meet specified criteria for adherence to environmental, social, and/or governance ("ESG") values.

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<sup>1</sup> This passage summarizes detail set forth in the following primary sources:

S&P Dow Jones Indices, "S&P 500 ESG Index (USD)", available at <https://us.spindices.com/indices/equity/sp-500-esg-index-usd>

S&P Dow Jones Indices, "S&P DJI ESG Score Methodology", March 2019, available at:

[https://us.spindices.com/documents/methodologies/methodology-sp-dji-esg-score.pdf?force\\_download=true](https://us.spindices.com/documents/methodologies/methodology-sp-dji-esg-score.pdf?force_download=true)

S&P Dow Jones Indices, "S&P ESG Index Series Methodology", July 2019, available at:

[https://us.spindices.com/documents/methodologies/methodology-sp-esg-index-series.pdf?force\\_download=true](https://us.spindices.com/documents/methodologies/methodology-sp-esg-index-series.pdf?force_download=true)

Steadman, Reid, and Daniel Perrone, "The S&P 500® ESG Index: Integrating Environmental, Social, and Governance Values into the Core", S&P Dow Jones Indices, April 2019, available at: [https://spindices.com/indexology/esg/the-sp-500-esg-index-integrating-environmental-social-and-governance-values-into-the-core?force\\_download=true&\\_ga=2.131481223.903114241.1568234347-1987249871.15645919](https://spindices.com/indexology/esg/the-sp-500-esg-index-integrating-environmental-social-and-governance-values-into-the-core?force_download=true&_ga=2.131481223.903114241.1568234347-1987249871.15645919)

The Index is rebalanced annually, at close of business on the last business day of April. To establish Index components at each annual reconstitution, SPDJI passes the components of the parent S&P 500 Index through two rounds of filtering --

**Round 1**

SPDJI begins by removing from the S&P 500 Index any component company that is:

- involved in production of tobacco or tobacco-related products and services, or
- involved in controversial weapons, such as cluster weapons, landmines, biological or chemical weapons, depleted uranium weapons, white phosphorus weapons, or nuclear weapons, or
- not in compliance with the UN Global Compact (“UNGC”).

**Round 2**

To each of the 11 Global Industry Classification Standard (“GICS”) industry groups, SPDJI applies its S&P DJI ESG Score framework to identify any company with a score that places it in the lowest quartile of its respective global GICS industry group. SPDJI then removes all such identified companies from the S&P 500 Index constituents that remain following the removals made during Round 1.

Following the exclusions accomplished in Rounds 1 and 2, the Index constituents are selected as follows:

- Companies are ranked by their S&P DJI ESG Scores.
- Within each GICS industry sector, companies are selected on the basis of their S&P DJI ESG Scores, progressing from highest Score toward lowest, until 75% of the float-adjusted market capitalization of that GICS industry sector’s representation within the S&P 500 Index has been encompassed.

The Index constituents, so chosen, are then weighted by their float-adjusted market capitalization. The following table illustrates how various Index features compared with those of the parent S&P 500 Index as of Monday, September 30, 2019 <sup>2</sup> --

Index	Number of Constituents	Market Capitalization		
		Median Constituent (\$ blns)	Average Constituent (\$ blns)	Index Aggregate (\$ trlns)
S&P 500 ESG	318	27.568	61.324	19.501
S&P 500	505	22.441	51.388	25.951

At five months since the Index’s latest annual rebalancing, its aggregate market capitalization of \$19.5 trillion accounts for approximately 75.1% of the aggregate market capitalization of the parent S&P 500 Index.

<sup>2</sup> S&P Dow Jones Indices, *Factsheet – S&P 500 ESG Index*, September 2019, available at [https://us.spindices.com/idsenhancedfactsheet/file.pdf?calcFrequency=M&force\\_download=true&hostIdentifier=48190c8c-42c4-46af-8d1a-0cd5db894797&indexId=92367045](https://us.spindices.com/idsenhancedfactsheet/file.pdf?calcFrequency=M&force_download=true&hostIdentifier=48190c8c-42c4-46af-8d1a-0cd5db894797&indexId=92367045), and S&P Dow Jones Indices, *Factsheet – S&P 500® Index*, September 2019, available at [https://us.spindices.com/idsenhancedfactsheet/file.pdf?calcFrequency=M&force\\_download=true&hostIdentifier=48190c8c-42c4-46af-8d1a-0cd5db894797&indexId=340](https://us.spindices.com/idsenhancedfactsheet/file.pdf?calcFrequency=M&force_download=true&hostIdentifier=48190c8c-42c4-46af-8d1a-0cd5db894797&indexId=340)

### Index Administration and Governance

SPDJI, which is headquartered in New York, was formed in June 2012 as a joint venture between S&P Indices and Dow Jones Indexes. SPDJI's overall governance and control framework incorporates multiple components that, together, protect the integrity and quality of its Benchmarks. These include:<sup>3</sup>

- a) A corporate structure that isolates the SPDJI Benchmark business into a single corporate entity.
- b) An organizational/operating structure that separates commercial functions from operational and analytical functions into distinct reporting lines.
- c) An independent Benchmark governance body (including Index Committees) with documented policies and procedures.
- d) A control framework to ensure a sound process for developing, calculating and distributing Benchmarks.
- e) An oversight function that monitors and enforces, among other things, S&P DJI's compliance with its various conflicts of interest policies.
- f) Processes with designated roles and teams to work with and oversee the various third parties involved in the Benchmark determination process.

### 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 joint jurisdiction of the CFTC and the SEC. Futures products for which the underlying references are broad-based security indexes remain under sole jurisdiction of the CFTC. Section 1a(35) of the Act defines a narrow-based index to be an index in which

- (i) there are nine (9) or fewer component securities; or
- (ii) any component security comprises more than 30 percent of the index's weighting; or
- (iii) the 5 highest weighted component securities in the aggregate represent more than 60 percent of the index's weighting; or
- (iv) the lowest weighted component securities comprising, in 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).

As demonstrated by a review spanning March through August 2019, the Index is not a narrow-based index.

In respect of criterion (i), the number of Index component securities – 318 as of September 30, 2019 – exceeds the 9-security minimum by two orders of magnitude. In respect of criteria (ii), (iii), and (iv), Exhibit 3 displays summary statistics of daily data from March 1 through August 30, 2019.

In respect of criterion (ii), the entire distribution of daily observations resides below the 30 percent threshold that would signify a narrow-based index. At no point does the Index's largest single component stock account for more than 5.6 percent of Index weight.

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<sup>3</sup> S&P Dow Jones Indices, *Management Statement of Adherence with the IOSCO Principles for Financial Benchmarks for the period June 1, 2018, through May 31, 2019*, Section 1, pg 2, available at: <https://us.spindices.com/governance/overview/>

### Exhibit 3 – CEA Section 1a(35) Narrow-Based Index Tests for S&P 500 ESG Index

Quantiles of empirical distributions of daily measures of Index characteristics, March 1 to August 30, 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>	5.6	25.9	62.3
<i>75 Pctl</i>	5.4	25.3	38.7
<i>Median</i>	5.3	24.9	34.4
<i>25 Pctl</i>	5.0	24.4	32.2
<i>Minimum</i>	4.7	22.7	21.9

Data Source: Bloomberg LLC

Similar results obtain for criterion (iii). The distribution of aggregate weight of the Index's largest five component stocks lies well below the 60 percent threshold that would characterize a narrow-based index. Indeed, at no point do the largest five constituent firms represent more than 26 percent of Index weight.

Summary statistics for distributions of trading volume, shown in Exhibit 3's right-most column, demonstrate that the Index is not narrow-based in the sense of criterion (iv). For any given index, the test procedure is to rank 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 index components, so identified, were less than \$50 million, then the index would be considered narrow-based. For the Index, the typical pace of such trading volume runs \$34.4 bln per day and consistently exceeds \$21.9 bln per day, three orders of magnitude beyond the test threshold.

## Section 4 – Block Trading Standards

The minimum permissible size for a block trade in the Contract for a given delivery month shall be 500 Contracts, applicable both to outright transactions and to BTIC transactions. This standard is comparable to the minimum allowable block size applicable to BTIC trading in CME E-mini S&P 500 Index futures.

## Section 5 -- Compliance with Core Principles

The Exchange has reviewed the designated contract market core principles ("Core Principles") as set forth in the Act and has identified that the new product terms and conditions certified herein may bear upon the following Core Principles:

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

Trading in the Contract shall be subject to CME Rulebook Chapter 4, which includes prohibitions against fraudulent, noncompetitive, unfair, and abusive practices, and shall be subject to the Exchange's trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. Trading activity in the Contract also 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 for the Contract is deemed to be sufficiently broad in definition and scope to deter attempted cornering, manipulation, crowding, or exertion of undue influence upon final settlements

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of expiring contracts. As of September 30, 2019, the Index comprised 318 component stocks with aggregate market capitalization of \$19.5 trillion.<sup>4</sup>

The final settlement price for an expiring Contract shall be a special opening quotation of the Index, computed on the basis of opening prices established competitively and transparently, under the regulatory oversight of the SEC, through the opening auctions for Index component stocks conducted on US primary listing exchanges, typically between 9:29 am and 9:30 am New York time.<sup>5</sup>

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

Trading in the Contract shall be subject to CME Rulebook Chapters 4 and 7, which include prohibitions on manipulation, price distortion, and disruption to the expiration and assignment process, and shall be subject to monitoring and surveillance by CME Group's Market Regulation Department.

As with any product that is listed on a CME Group designated contract market and that references a broad-based index of US equity share prices, trading in the Contract shall be subject to price limits that are harmonized with the US equity market-wide circuit breaker mechanism as set forth in FINRA Rule 6121.02 ("Market-wide Circuit Breakers in NMS Stocks") and implemented under New York Stock Exchange Rule 80B for Trading Halts Due to Extraordinary Volatility and Nasdaq Stock Market Rule 4121 for Trading Halts Due to Extraordinary Volatility.

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

The Contract shall be subject to shall be subject to a Position Reporting Level of 100 contracts and to an All-Month Position Limit of 300,000 contracts, similar to the standards that apply to E-mini Standard and Poor's 500 Stock Price Index ("ES") futures. If priced equal to the market closing value of the Index on Monday, September 30, 2019, a hypothetical 300,000-lot All-Month Limit position would have signified notional Index exposure around \$37.35 bln (equal to (248.98 Index points) x (\$500 per Index point per contract) x (300,000 contracts)), representing less than 2 tenths of one percent of the Index's market capitalization (\$19.5 trln).

To place this in perspective, consider its comparability to the 60,000-contract All-Month Position Limit that applies to Standard and Poor's 500 Stock Price Index™ ("SP") futures (or 300,000 contracts for CME ES futures, equal to 60,000 SP futures-equivalents). At September month-end, this signified approximately \$44.65 bln of notional exposure to the S&P 500® stock price index (equal to (2976.74 index points) x (\$250 per index point per contract) x (60,000 contracts)), or 17 hundredths of one percent of that index's market capitalization of \$25.951 trln.<sup>6</sup>

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

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<sup>4</sup> See Footnote 2.

<sup>5</sup> NYSE procedures for opening, reopening, or closing of trading of NYSE Auction-Eligible Securities are codified in NYSE Rule 7P ("Equities Trading"), Section 3 ("Exchange Trading"), Rule 7.35 ("Auctions") at: [https://nyseguide.srorules.com/rules/document?treeNodeld=csh-da-filter!WKUS-TAL-DOCS-PHC-%7B4A07B716-0F73-46CC-BAC2-43EB20902159%7D--WKUS\\_TAL\\_5665%23teid-39](https://nyseguide.srorules.com/rules/document?treeNodeld=csh-da-filter!WKUS-TAL-DOCS-PHC-%7B4A07B716-0F73-46CC-BAC2-43EB20902159%7D--WKUS_TAL_5665%23teid-39)

An informal summary of the schedule and procedures for open auctions and closing auctions is available at: [https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE\\_Opening\\_and\\_Closing\\_Auctions\\_Fact\\_Sheet.pdf](https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE_Opening_and_Closing_Auctions_Fact_Sheet.pdf)

Nasdaq Daily Opening Cross<sup>SM</sup> and Closing Cross<sup>SM</sup> procedures are codified in Nasdaq Stock Market Rule 4752. ("Opening Process") at: [http://nasdaq.cchwallstreet.com/NASDAQTools/PlatformViewer.asp?searched=1&selectednode=chp\\_1\\_1\\_4\\_1\\_10\\_1&CiRestriction=%22opening+cross%22&manual=%2Fnasdaq%2Fmain%2Fnasdaq-equityrules%2F](http://nasdaq.cchwallstreet.com/NASDAQTools/PlatformViewer.asp?searched=1&selectednode=chp_1_1_4_1_10_1&CiRestriction=%22opening+cross%22&manual=%2Fnasdaq%2Fmain%2Fnasdaq-equityrules%2F)

An informal description of the Nasdaq Opening Cross<sup>SM</sup> and Closing Cross<sup>SM</sup> may be found at: <http://www.nasdaqtrader.com/content/TechnicalSupport/UserGuides/TradingProducts/crosses/openclosequickguide.pdf> and [https://www.nasdaqtrader.com/content/ProductsServices/Trading/Crosses/openclose\\_faqs.pdf](https://www.nasdaqtrader.com/content/ProductsServices/Trading/Crosses/openclose_faqs.pdf).

<sup>6</sup> See Footnote 2.

The Exchange shall disseminate a Special Executive Report (“SER”) that sets forth information regarding Contract specifications, terms, and conditions. In addition to such SER, daily trading volume, open interest, and price information for the Contract shall be published on the Exchange’s website.

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

The Exchange shall publish Contract trading volumes, open interest levels, and price information daily on its website and through quote vendors.

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

The Contract certified herein shall be listed for trading on CME Globex, which provides for efficient, competitive, and open execution of transactions, and which affords the benefits of reliability and global connectivity. Applicable CME Globex non-reviewable trading ranges shall be as set forth in Exhibit C.

***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 derivatives clearing organization, and which is subject to all CFTC regulations related thereto.

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

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

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

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

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

Disputes in respect of the Contract shall be subject to the arbitration provisions set forth in CME Rulebook Chapter 6, which allow all nonmembers to submit to arbitration claims for financial loss resulting from transactions on the Exchange. Pursuant to these provisions, any member named as a respondent in any such claim submitted by a nonmember is required to participate in arbitration proceedings. Additionally, the Exchange requires members to resolve via arbitration all disputes concerning transactions on the Exchange.

The Exchange certifies that the contract terms and conditions 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-filings.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:	Exhibit A	CME Rulebook Chapter 364 ("E-mini S&P 500 ESG Index Futures")
	Exhibit B	CME Rulebook Chapter 5 ("Trading Qualifications and Practices"), Position Limit, Position Accountability and Reportable Level Table (attached under separate cover)
	Exhibit C	CME Rule 588.H. ("Globex Non-Reviewable Trading Ranges") Table
	Exhibit D	CME Rule 589. ("Special Price Fluctuation Limits and Daily Price Limits") Table

## **Exhibit A**

### **CME Rulebook**

#### **Chapter 364 E-mini S&P 500 ESG Index Futures**

##### **36400. SCOPE OF CHAPTER**

This chapter is limited in application to E-mini S&P 500 ESG Index futures (“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 referred to herein shall refer to and indicate Central Time.

##### **36400.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.

##### **36400.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).

##### **36400.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.

##### **36401. CONTRACT SPECIFICATIONS**

Each futures contract shall be valued at \$500.00 times the S&P 500 ESG Index (“Index”).

##### **36402. TRADING SPECIFICATIONS**

###### **36402.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.

###### **36402.B. Trading Unit**

The unit of trade shall be \$500.00 times the Index.

###### **36402.C. Price Increments**

Bids and offers shall be quoted in Index points. Subject to Rule 36406.C., the minimum price increment shall be 0.02 Index points, equal to \$10.00 per contract, except for intermonth spreads executed pursuant to Rule 542.A., for which the minimum price increment shall be 0.01 Index points, equal to \$5.00 per intermonth spread.

###### **36402.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.

**36402.E. [Reserved]**

**36402.F. [Reserved]**

**36402.G. Termination of Trading**

Trading in expiring futures shall terminate at the regularly scheduled start of trading on the New York Stock Exchange on the Business Day scheduled for determination of the Final Settlement Price (Rule 36403.A.) for such futures.

**36402.H. [Reserved]**

**36402.I. Price Limits and Trading Halts**

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

**1. Daily Determination of Price Limits**

For a given Business Day, Price Limits applicable to a futures contract for a given delivery month shall be calculated on the basis of the corresponding Reference Price (Rule 36402.I.1.a.) and the corresponding Offsets (Rule 36402.I.1.b.), as follows:

- 5% Price Limits = Reference Price minus 5% Offset, and Reference Price plus 5% Offset
- 7% Price Limit = Reference Price minus 7% Offset
- 13% Price Limit = Reference Price minus 13% Offset
- 20% Price Limit = Reference Price minus 20% Offset

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

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

**Tier 1**

Such Reference Price shall be based on the volume-weighted average price of transactions in such futures on the CME Globex electronic trading platform ("CME Globex") during the interval (i) between 2:59:30 p.m. and 3:00:00 p.m., or (ii) in the case of an early scheduled close of the Primary Listing Exchange, between 11:59:30 a.m. and noon, or (iii) in the event of an unscheduled early close of the Primary Listing Exchange, the final thirty (30) seconds of the Primary Listing Exchange trading day ("Reference Interval").

**Tier 2**

If no such transaction occurs during the Reference Interval, then such Reference Price shall be based on the average of midpoints of bid/ask spreads for such futures quoted on CME Globex during the Reference Interval, provided that the Reference Price calculation shall exclude the midpoint value for any such bid/ask spread that is wider than 0.04 Index points (equal to two (2) minimum price increments).

**Tier 3**

If such Reference Price cannot be determined pursuant to Tier 1 or Tier 2, then the Exchange, in its sole discretion, shall set such Reference Price by alternative means which may include, but are not limited to, derivation by reference to the basis relationship between such futures contract's price and the Index, or application of Tier 1 and Tier 2 calculations to successive time intervals of increasing length, in integer multiples of thirty (30) seconds, until suitable price data are obtained.

The resultant Reference Price value shall be rounded down to the nearest integer multiple of 0.01 Index point. Such Reference Price, so rounded, shall be used for determination of the corresponding Price Limits.

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

### **1.b. Offsets for Price Limits**

For a given Business Day, the Exchange shall determine Offsets on the basis of the Index value ("I") at the close of trading on the Primary Listing Exchange (Rule 36400.B.) on the first preceding Business Day, as follows:

5% Offset = 5% of I (0.05 x I)  
7% Offset = 7% of I (0.07 x I)  
13% Offset = 13% of I (0.13 x I)  
20% Offset = 20% of I (0.20 x I)

Each resultant Offset value shall be rounded down to the nearest integer multiple of 0.01 Index points. Each such Offset, so rounded, shall be used in determination of the corresponding Price Limits.

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

From the start of any Trading Day until 8:30 a.m., there shall be no trading in futures for a given delivery month at any price that is either strictly lower than or strictly higher than the range defined by the 5% Price Limits (Rule 36402.I.1.) applicable to such futures on such Trading Day.

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

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

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

Except as provided in Rules 36402.I.3.a. and 36402.I.3.b., from 8:30 a.m. until and including 2:25 p.m., or from 8:30 a.m. until and including 11:25 a.m. in the case of an early scheduled close of the Primary Listing Exchange, futures for a given delivery month shall trade subject to the corresponding Price Limits (Rule 36402.I.1.), as follows:

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

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

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

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

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

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

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

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

### **3.a. Regulatory Halts**

At such time as the Primary Listing Exchange may declare a Regulatory Halt (Rule 36400.C.) in response to a Level 1 (7%) Market Decline in the S&P 500 Index, futures trading shall halt. When trading resumes on the Primary Listing Exchange, futures trading shall resume subject to the corresponding 13% Price Limit.

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

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

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

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

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

From 2:25 p.m. to 3:00 p.m., or from 11:25 a.m. to noon in the case of an early scheduled close on the Primary Listing Exchange, trading in futures for a given delivery month shall be subject only to the corresponding 20% Price Limit (Rule 36402.I.1.).

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

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

From the close of trading on the Primary Listing Exchange at 3:00 p.m., or at noon in the case of an early scheduled close on the Primary Listing Exchange, until the close of the current Trading Day, trading in futures for a given delivery month shall be subject to an upper Price Limit equal to the corresponding Reference Price determined on the current Business Day (Rule 36402.I.1.a.) plus the 5% Offset determined on the current Business Day (Rule 36402.I.1.b.).

Trading in such futures also shall be subject to a lower Price Limit set as the corresponding Reference Price determined on the current Business Day minus the 5% Offset determined on the current Business Day, provided that such lower Price Limit shall be no lower than the 20% Price Limit (Rule 36402.I.1.) applicable to the current Trading Day.

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

## **36403. SETTLEMENT PROCEDURES**

Delivery shall be by cash settlement.

### **36403.A. Final Settlement Price**

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

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

If the Primary Listing Exchange for a component stock in the Index does not open on the day scheduled for determination of the Final Settlement Price, then the price of that stock shall be determined, for the

purposes of calculating the Final Settlement Price, based on the opening price of that stock on the next day that its Primary Listing Exchange is open for trading.

If a component stock of the Index does not trade on the day scheduled for determination of such Final Settlement Price, and the Primary Listing Exchange for such stock is open for trading, then for the purpose of calculating such Final Settlement Price the price of such stock shall be its last sale price, provided that the Exchange in its sole discretion may instruct that the price of such stock shall be its opening price on the next following day that it is traded on its Primary Listing Exchange.

**36403.B. Final Settlement**

Clearing members holding open positions in an expiring futures contract at its termination of trading (Rule 36402.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 36403.A.).

**36404. [RESERVED]**

**36405. [RESERVED]**

**36406. BASIS TRADE AT INDEX CLOSE ("BTIC") TRANSACTIONS**

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

**36406.A. BTIC Block Trade Requirements**

BTIC block trades must be executed in accordance with the requirements of Rule 526.

For a BTIC block trade executed on a given Trading Day on or before the scheduled close of the Primary Listing Exchange, the corresponding futures price shall be made by reference to the Index closing value for the current Trading Day. For a BTIC block trade executed on a given Trading Day after the scheduled close of the Primary Listing Exchange, the corresponding futures price shall be made by reference to the Index closing value for the next Trading Day.

**36406.B. BTIC Price Assignment Procedures**

The futures price of a BTIC transaction shall be determined by the Exchange at 3:45 p.m. (or within 45 minutes after the close of the Primary Listing Exchange in the case of an early scheduled close of the Primary Listing Exchange). Such price determination shall be deemed final.

**364 06.C. BTIC Minimum Price Increment**

The valid basis or price increment applied to the Index closing value to establish the BTIC futures price must be stated in increments of 0.01 index points.

(End Chapter 364)

**INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 364**

Standard & Poor's, a division of the McGraw–Hill Companies, Inc. ("S&P"), licenses the Exchange to use various S&P stock indices ("S&P Stock Indices") in connection with the trading of futures contracts and options on futures contracts based upon such indices. S&P shall have no liability for damages, claims, losses or expenses caused by any errors or delays in calculating or disseminating the S&P Stock Indices.

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**Exhibit B**

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

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

(attached under separate cover)

**Exhibit C**

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

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

(additions underlined)

US Equity Index Futures (CME)	Outright				Spreads	
	Globex Symbol	Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Ticks	NRR: Globex Format	NRR: Minimum Outright Ticks
<u>E-mini S&amp;P 500 ESG Index Futures</u>	<u>ESG</u>	<u>6 index points</u>	<u>600</u>	<u>300</u>	<u>150</u>	<u>150</u>
<u>BTIC on E-mini S&amp;P 500 ESG Index Futures</u>	<u>EGT</u>	<u>1.5 index points</u>	<u>150</u>	<u>150</u>	<u>N/A</u>	<u>N/A</u>

**Exhibit 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
<u>E-mini S&amp;P 500 ESG Index Futures</u>	<u>364</u>	<u>ESG</u>	<u>Associated</u>	<u>ES</u>	<u>Daily Price Limit Table</u>
<u>BTIC on E-mini S&amp;P 500 ESG Index Futures</u>	<u>364</u>	<u>EGT</u>	<u>Associated</u>	<u>ES</u>	<u>Daily Price Limit Table</u>