

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 18-434

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

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 11/01/2018 Filing Description: Increase of Position Limits of the E-mini Nasdaq-100 Index® and E-mini Standard and Poor's MidCap 400® Stock Price Index Futures and Associated Options Contracts

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

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

**Rule Numbers:**

**New Product**

Please note only ONE product per Submission.

- |                          |                                       |            |
|--------------------------|---------------------------------------|------------|
| <input 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.

November 1, 2018

**VIA ELECTRONIC PROTAL**

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) Rule Certification. Notification Regarding Increase of Position Limits of the E-mini Nasdaq-100 Index<sup>®</sup> and E-mini Standard and Poor's MidCap 400<sup>®</sup> Stock Price Index Futures and Associated Options Contracts. CME Submission No. 18-434**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying an increase of the all month position limits of the E-mini Nasdaq-100 Index<sup>®</sup> Futures, E-mini Standard and Poor's MidCap 400<sup>®</sup> Stock Price Index Futures, and associated option contracts (the "Contracts") as noted in the table below effective on Sunday, November 18, 2018 for trade date Monday, November 19, 2018 and commencing with the December 2018 contract month and beyond (collectively, the "Rule Amendments").

<b>Contract Title</b>	<b>Rulebook Chapter</b>	<b>CME Globex Code</b>	<b>CME ClearPort Code</b>	<b>BTIC Code</b>	<b>Current Position Limit (All Month Limit)</b>	<b>Position Limits (All Month Limit) Effective on Trade Date November 19, 2018</b>
E-mini Nasdaq-100 Index Futures	359	NQ	NQ	NQT	50,000	250,000
E-mini Standard and Poor's MidCap 400 Stock Price Index Futures	362	EMD	ME	EMT	25,000	125,000
Options on E-mini Nasdaq-100 Index Futures	359A	NQ	NQ	N/A	50,000	250,000
Options on E-mini Nasdaq-100 Index Futures (End-of-Month)	359A	QNE	QNE	N/A	50,000	250,000

Weekly Options on E-mini Nasdaq-100 Index Futures (Week 1)	359A	QN1	QN1	N/A	50,000	250,000
Weekly Options on E-mini Nasdaq-100 Index Futures (Week 2)	359A	QN2	QN2	N/A	50,000	250,000
Weekly Options on E-mini Nasdaq-100 Index Futures (Week 3)	359A	QN3	QN3	N/A	50,000	250,000
Weekly Options on E-mini Nasdaq-100 Index Futures (Week 4)	359A	QN4	QN4	N/A	50,000	250,000
Options on E-mini Standard and Poor's MidCap 400 Stock Price Index Futures	362A	ME	ME	N/A	25,000	125,000
Weekly Options on E-mini Standard and Poor's MidCap 400 Stock Price Index Futures	362A	ME3	ME3	N/A	25,000	125,000

The Position Limit, Position Accountability and Reportable Level Table located in the Interpretations and Special Notices Section of Chapter 5 of the CME Rulebook (the "Table") will be amended to reflect the Rule Amendments. (See Exhibit A: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook with additions underscored and deletions overstruck (attached under separate cover.))

The Exchange reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act") and identified the following Core Principles as being potentially impacted:

- **Contracts Not Readily Subject to Manipulation:** The Contracts are not readily subject to manipulation due to the liquidity and robustness of the underlying markets.

Pursuant to Bloomberg, CME determined that the market capitalization of the Nasdaq-100 was approximately USD 8.69 trillion as of September 26, 2018 and the market capitalization of the S&P MidCap 400 was approximately USD 1.83 trillion.

As of September 28, 2018, daily trading volume turnover of the Nasdaq-100 Index turnover was \$1.18 trillion. Between June 2, 2016 and September 26, 2018, the average daily trading turnover of the Index was approximately \$974.17 billion.

As of September 26, 2018, daily trading volume turnover of the S&P MidCap 400 index was \$265 billion. Between June 2, 2016 and September 26, 2018, the average daily trading turnover of the Index was approximately \$242 billion. A cash market overview and analysis of deliverable supply is attached hereto as Exhibit B.

- **Position Limitations or Accountability:** The speculative position limits for the Contracts as demonstrated in this submission are consistent with the Commission's guidance.
- **Availability of General Information:** The Rule Amendments will be communicated to the marketplace via a Market Surveillance Notice. The Exchange will publish the Market Surveillance Notice as well as information on the Contracts' specifications on its website, together with daily trading volume, open interest, and price information.

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. A cash market overview and analysis of deliverable supply is attached hereto as Exhibit B.

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>.

If you require any additional information regarding this action, please contact me 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:

Exhibit A – Position Limit Table in Chapter 5 of the CME Rulebook (attached under separate cover)

Exhibit B – Cash Market Overview and Analysis of Deliverable Supply

**Exhibit A**

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

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

(attached under separate cover)

## **Exhibit B**

### **Cash Market Overview and Analysis of Deliverable Supply**

The Commission defines deliverable supply as the quantity of the commodity meeting a derivative contract's delivery specifications that can reasonably be expected to be readily available to short traders and saleable by long traders at its market value in normal cash marketing channels at the derivative contract's delivery points during the specified delivery period, barring abnormal movement in interstate commerce. (See Appendix C to 17 CFR part 38.)

The Exchange reviewed the liquidity characteristics of E-mini Nasdaq-100 Index Futures contract ("NQ futures") and E-mini S&P MidCap 400 Index contract ("ME futures") and believes it is appropriate to increase the position limits of the Contracts at this time.

As of September 28, 2018, the cash market capitalization for the Nasdaq-100 index is approximately \$8.69 trillion and with regard to the S&P MidCap 400 index, it is approximately \$1.83 trillion.

The proposed amended position limit of 250,000 contracts for the NQ futures would signify approximately \$38.18 billion of notional index exposure (equal to 250,000 contracts x \$20 per index point per contract x 7,636 index points on September 28, 2018), equivalent to a modest 0.44% share of the index's market capitalization.

The proposed amended position limit of 125,000 contracts for ME futures represents approximately \$25.3 billion of notional index exposure (equal to 125,000 contracts x \$100 per index point per contract x 2,024 index points on September 28, 2018). This signifies approximately 1.4% of the index's market capitalization.

#### **Nasdaq-100 Index**

The Nasdaq-100 index includes 100 of the largest domestic and international non-financial companies listed on the Nasdaq Stock Market based on market capitalization. The Nasdaq-100 index reflects companies across major industry groups including computer hardware, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies including investment companies. According to Bloomberg data, between June 2, 2016 and September 26, 2018, the average daily trading volume in index constituent stocks was slightly more than \$974 billion.

#### **S&P MidCap 400 Index**

The S&P MidCap 400 index is a stock market index from S&P Dow Jones Indices. The S&P MidCap 400 index serves as a barometer of the U.S. mid-cap equities sector and is the most widely followed mid-cap index. To be included in the index, a stock must have a total market capitalization that ranges from \$1.4 billion to \$5.9 billion at the time of addition to the index. As of December 29, 2017, the median market cap was almost \$4.1 billion, with the market cap of the largest company in the index at more than \$13.1 billion and the smallest company at \$626 million. The S&P MidCap 400 index's market cap covers nearly 7% of the total US stock market. According to Bloomberg data, between June 2, 2016 and September 26, 2018, the average daily trading volume in index constituent stocks was approximately \$242 billion.