

September 6, 2013

VIA E-MAIL

Ms. Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

**RE: CFTC Regulation 40.6(a) Certification of Increased Position Limit Levels for Standard & Poor's 500 Stock Price Index Futures and E-mini Standard & Poor's 500 Stock Price Index
CME Submission No. 13-373**

Dear Ms. Jurgens:

The Chicago Mercantile Exchange, Inc. ("CME" or "Exchange"), pursuant to Commodity Futures Trading Commission ("Commission" or "CFTC") Regulation 40.6(a), hereby notifies the Commission that it is self-certifying increased position limit levels for Standard & Poor's 500 Stock Price Index ("S&P 500") and E-mini Standard & Poor's 500 Stock Price Index ("E-mini S&P 500") futures contracts, including options thereon.

CME specifically seeks to amend the position limits of these two futures as follows:

For S&P 500 futures, increase the all months combined position limit from 20,000 contracts to 28,000 contracts. With the \$250:\$50 multiplier relationship between the S&P 500 futures and the E-mini S&P 500 futures, this increase is equivalent to increasing the all-months-combined position limit for E-mini S&P 500 futures from 100,000 contracts to 140,000 contracts. In addition the Exchange seeks to adjust position limit levels for options that are exercisable into such futures contracts accordingly.

These modifications will become effective on Sunday, September 22, 2013 for **trade date Monday, September 23, 2013**. CME will apply these amendments to all futures expiries as of the effective date. Since the Exchange proposes in all cases to increase position limits, timely implementation of these revisions is unlikely to disrupt trading in futures delivery months with existing open interest.

Table 1 in the Appendix includes futures and cash market activity for the S&P 500 futures and S&P 500 Index constituents. Table 2 in the Appendix includes S&P 500 futures and options on futures open interest levels used to comply with acceptable standards for adjusting limit levels under Commission regulation 150.5(c)(2). Attachment 1, appended under a separate cover,

includes the proposed amendments to the Exchange's Position Limit, Position Accountability and Reportable Level Table in CME Rulebook Chapter 5 (Trading Qualifications and Practices).

The Research and Product Development Department, the Market Regulation Department, and the Legal Department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act"). During the review, staff identified the following Core Principles as being potentially impacted:

- **Contracts not readily susceptible to manipulation:** Increasing the position limits of the S&P 500 and E-mini S&P 500 futures contracts will not make the contracts susceptible to market manipulation. The equity market constituents of the S&P 500 index are among the most actively traded equities in the world-wide equity market. Given the size, and activity in the underlying cash equity markets, CME has concluded that the S&P 500 futures and E-mini S&P 500 futures contracts are not readily susceptible to market manipulation.
- **Position limitations or accountability:** CME has adopted necessary and appropriate increases in position limits for the S&P 500 and E-mini S&P 500 futures contracts based on a detailed market analysis of the underlying cash markets of each contract, including the size, growth, and trading activity in the underlying cash market of these futures contracts.
- **Availability of general information:** CME intends to make the increases in position limit levels for the S&P 500 and E-mini S&P 500 futures contracts available to the public via a Special Executive Report. The Exchange will also publish information on the change in position limits its website.

CME certifies that these changes comply with the CEA and Commission regulations thereunder. There were no substantive opposing views to this proposal.

CME certifies that this submission has been concurrently posted on the Exchange's website at: www.cmegroup.com/market-regulation/rule-filings.html.

Please direct inquiries regarding this submission to me at (312) 466-7478 or tim.elliott@cmegroup.com. Please reference CME Submission No. 13-373 in any related correspondence.

Sincerely,

/s/ Tim Elliott
Executive Director and Associate General Counsel

Attachment (Position Limit Table - under separate cover)

cc: Mr. Thomas M. Leahy and Mr. Philip Colling
CFTC Division of Market Oversight, Product Review & Analysis Section

APPENDIX

The two futures contracts considered in this study are:

1. S&P 500 Futures
2. E-mini S&P 500 Futures

The market related liquidity characteristics included in Table 1 are:

- i. Market capitalization of the constituents underlying the respective stock index
- ii. Average daily USD turnover of the constituents underlying the respective stock index
- iii. Average daily USD turnover of ETF based on the respective stock index
- iv. Open Interest in the S&P 500 futures complex (both futures and delta weighted options)

S&P 500 and E-mini S&P 500 futures contracts and option on futures open interest levels and regulation 150.5(c)(2) position limit levels are included in Table 2.

S&P 500 Futures and Cash Market Overview

Table 1

ROW		E-mini S&P 500
1	Current Position Limit (Standard S&P 500 Futures Contracts)	20,000
2	Index Level as of April 30, 2013	1,596.63
3	Futures Contract Multiplier	\$250
4	Notional Value of Futures Contract	\$399,158
5	Position Limit - Notional Value (\$Billions)	\$7.983
6	Exchange Rate for Nikkei (April 30, 2013)	
7	Market Cap of Index on April 30, 2013 (\$Billions) Source: Bloomberg	\$14,698
8	May 1, 2010 to April 30, 2013 Average Index Turnover (Daily Index Constituent Trading Volume in \$Billions) Source: Bloomberg	\$27.550
9	Position Limit / Market Cap	0.0543%
10	Position Limit / Daily Index Constituent Cash Market Turnover	28.98%
11	Open Interest (futures contracts only) in Standard Equivalents as of April 30, 2013 (includes E-mini divided by 5)	790,008
12	Open Interest (futures & options contracts)in Standard Equivalents as of April 30, 2013 (includes E-mini divided by 5); Assumes average option delta = 0.30	1,116,465
13	Current Position Limit as % of Futures Open Interest	2.53%
14	Current Position Limit as % of Futures/Options Open Interest	1.79%
15	Proposed Position Limit (Standard S&P 500 Futures Contracts)	28,000
16	Proposed Position Limit - Notional Value (\$Billions)	\$11.176
17	% Increase in Current Position Limit	40%
18	Proposed Position Limit / Market Cap	0.076%
19	Proposed Position Limit / Daily Index Constituent Cash Equity Market Turnover	40.567%
20	Proposed Position Limit as % of Futures Open Interest	3.544%
21	Proposed Position Limit as % of Futures/Options Open Interest	2.508%
22	May 1, 2010 to April 30, 2013 Average Index ETF Turnover (Daily Index Constituent Trading Volume in \$Billions) Source: Bloomberg	\$23.826
23	May 1, 2010 to April 30, 2013 Average Index CONSTITUENT & ETF Turnover (Daily Index Constituent Trading Volume in \$Billions) Source: Bloomberg	\$51.376
24	Proposed Position Limit / Daily Index Constituent Cash Equity Market & ETF Turnover	21.754%

Liquidity and open interest in CME S&P 500 and E-mini S&P 500 futures and options on futures has continually increased. Liquidity in related products, namely Exchange Traded Funds (“ETFs”) has also continually increasing. ETFs tied to the S&P 500 index are issued by State Street, iShares, and Vanguard. These ETFs serve as an alternative source of liquidity that may be utilized by market participants that seek to increase or decrease beta exposure to a specific stock index benchmark. Average daily turnover during the past three years in S&P 500 related ETFs is almost \$24 billion.

Aggregate activity in options on E-mini S&P 500 and S&P 500 futures contracts have grown substantially during the past several years. The notional value associated with the current 20,000 futures contract equivalent position limit for the S&P 500 complex, as of April 30, 2013, is approximately \$8 billion. At first blush \$8 billion may appear to be a large value, yet it represents only 0.054% of the \$14.7 trillion market capitalization of the constituents of the S&P 500 index. The \$8 billion S&P 500 futures position limit represents approximately 29% of the daily turnover of S&P 500 cash equity constituents. But, when ETFs benchmarked to the S&P 500 are included, the \$8 billion S&P 500 futures position limit represents 15.54% of daily cash equity and ETF turnover.

Aggregated CME S&P 500 complex open interest, including both futures and options on futures, now exceeds 1.1 million S&P 500 futures equivalents. This open interest level assumes an average option delta = 0.30. The current position limit is less than two percent (2%) of the open interest in the CME’s S&P 500 complex.

Based upon the liquidity characteristics of the S&P 500 cash equity, ETF and futures markets, it is reasonable to conclude that a 40 percent increase in the position limit for S&P 500 futures, from 20,000 standard S&P 500 futures contracts to 28,000 standard S&P 500 futures contracts is warranted.

If the standard S&P 500 position limit was increased to 28,000 contracts, the S&P 500 futures position limit to S&P 500 market capitalization ratio would rise from 0.054% to 0.0756%. The daily turnover ratio based on the notional value of the 28,000 contract position limit relative to combined S&P 500 constituent average daily trading activity and average S&P 500 ETF trading activity would be 21.754%.

S&P 500 futures and options on S&P 500 futures liquidity information are included in Table 1 in the appendix to this memo.

Regulation 150.5(c)(2) provides non-exclusive acceptable standards for adjusting position limit levels for extant futures contracts. For the period June 1, 2012 through May 31, 2013, the average monthly delta-weighted open interest for CME’s S&P 500 futures contract complex is equal to 1,047,283 standard (\$250 multiplier) S&P 500 futures contract equivalents. Table 2 in the appendix lists month-end open interest in both standard and E-mini S&P 500 futures and options on futures for the period covering January 2012 through May 2013. It is assumed that the average delta for option open interest is equal to 0.30.

Under the methodology cited in regulation 150.5(c)(2), an increase in the S&P 500 position limit level to 28,000 standard futures contract equivalents or 140,000 E-mini futures contract equivalents is warranted.

Table 2 - S&P 500 Futures & Options on Futures Open Interest

June 2012 to May 2013

Date (last business day of:)	E-mini S&P 500	E-mini S&P 500	E-mini Delta Weighted (Average Delta = 0.30)	Standard S&P 500	Standard S&P 500	Standard	E-mini + Standard
	Open Interest	Open Interest	Open Int. Standard Units	Open Interest	Open Interest	Delta Weighted	Open Interest
	Futures	Options		Futures	Options	Open Int.	Standard Units
JUNE 2012	2,733,470	1,709,100	649,240	228,287	492,982	376,182	1,025,422
JULY 2012	2,756,499	1,606,617	647,697	230,496	454,225	366,764	1,014,460
AUGUST 2012	3,093,982	1,648,456	717,704	239,362	458,071	376,783	1,094,487
SEPTEMBER 2012	2,938,603	1,582,425	682,666	190,630	390,684	307,835	990,501
OCTOBER 2012	3,013,714	1,821,088	712,008	205,127	377,712	318,441	1,030,449
NOVEMBER 2012	3,113,445	1,811,691	731,390	221,524	411,845	345,078	1,076,468
DECEMBER 2012	2,765,033	1,634,214	651,059	186,152	277,646	269,446	920,505
JANUARY 2013	3,015,603	1,980,844	721,971	208,048	368,353	318,554	1,040,525
FEBRUARY 2013	3,169,771	2,254,089	769,200	220,126	399,226	339,894	1,109,093
MARCH 2013	2,969,828	2,298,305	731,864	158,900	410,963	282,189	1,014,053
APRIL 2013	3,087,728	2,273,180	753,936	173,796	440,005	305,798	1,059,734
MAY 2013	3,363,478	2,794,911	840,390	204,267	490,151	351,312	1,191,703
12-month average delta weighted S&P 500 futures open interest =							1,047,283
Reg 150(c)(2) Position Limit =							28,057

Contract Name	Rule Chapter	Commodity Code	Contract Size
Standard and Poor's 500 Stock Price Index	351 & 351A	SP	250
S&P 500 European Style "End-of-Month" Option	351A	EV	1
S&P 500 European Style Wk 1	351A	EV1	1
S&P 500 European Style Wk 2	351A	EV2	1
S&P 500 European Style Wk 4	351A	EV4	1
American FLEX Options on Standard and Poor's 500 Stock Price Index	351A	XP	1
European Flex Options on Standard and Poor's 500 Stock Price Index	351A	YP	1
E-mini Standard and Poor's 500 Stock Price Index	358 & 358A	ES	50
E-mini S&P 500 European Style "End-of-Month" Option	358A	EW	1
E-mini S&P 500 European Style Wk 1	358A	EW1	1
E-mini S&P 500 European Style Wk 2	358A	EW2	1
E-mini S&P 500 European Style Wk 4	358A	EW4	1
E-mini Standard and Poor's 500 EURO DENOMINATED	358B	EME	50
S&P 500/ Growth Index	355 & 355A	SG	250
S&P 500/ Value Index	356 & 356A	SU	250

Contract Units	Type	Settlement	Group	Diminishing Balance Contract	Reporting Level
dollars times the S&P 500 Ind	Futures/American opt	Financially settle	CME EQUITY		100
S&P 500 future	European option	Exercisable into	CME EQUITY		100
S&P 500 future	European option	Exercisable into	CME EQUITY		100
S&P 500 future	European option	Exercisable into	CME EQUITY		100
S&P 500 future	European option	Exercisable into	CME EQUITY		100
S&P 500 future	American option	Exercisable into	CME EQUITY		25
S&P 500 future	European option	Exercisable into	CME EQUITY		25
dollars times the S&P 500 Ind	Futures/American opt	Financially settle	CME EQUITY		100
E-mini S&P 500 future	European option	Exercisable into	CME EQUITY		100
E-mini S&P 500 future	European option	Exercisable into	CME EQUITY		100
E-mini S&P 500 future	European option	Exercisable into	CME EQUITY		100
E-mini S&P 500 future	European option	Exercisable into	CME EQUITY		100
Euros times the S&P 500 Ind	Futures	Financially settle	CME EQUITY		25
dollars times the S&P 500/ Gr	Futures/American opt	Financially settle	CME EQUITY		25
dollars times the S&P 500/ V ₂	Futures/American opt	Financially settle	CME EQUITY		25

Position Limit
in Shipping
Certificates,
Warehouse
Receipts

Spot month
position
comprised of
future and
deliveries

Spot-Month						
Spot-Month	Spot-Month	Spot-Month	Spot-Month	Spot-Month	Spot-Month	Spot-Month
Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate
Ratio Into	Ratio Into	Ratio Into	Ratio Into	Ratio Into	Ratio Into	Ratio Into
Futures	Futures	Futures	Futures	Futures	Futures	Futures
Equivalents Leg	Equivalents Leg	Equivalents Leg	Equivalents Leg	Equivalents Leg	Equivalents Leg	Equivalents Leg
Leg (1)	Leg (2)	Leg (1)	Leg (2)	Leg (1)	Leg (2)	Leg (1)

Spot-month
Accountabilit
y Level

			Second Spot-Month			
Initial Spot-Month Limit (In Net Futures Equivalents) Leg (1)/ Leg (2)	Initial Spot-Month Limit Effective Date	Spot-Month Limit (In Contract Units)	Second Spot-Month Limit (In Net Futures Equivalents)	Second Spot-Month Limit Effective Date	Single Month Aggregate Into Futures Equivalent Leg (1)	Single Month Aggregate Into Futures Equivalent Leg (2)

All Month			
	All Month Aggregate Ratio Into Futures Equivalents Leg (1)	All Month Accountability Level (In Net Futures Equivalents) Leg (1) / Leg (2)	All Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)

~~20,000~~ **28,000**

~~20,000~~ **28,000**

~~20,000~~ **28,000**

~~20,000~~ **28,000**

~~20,000~~ **28,000**

~~20,000~~ **28,000**

~~20,000~~ **28,000**

5 (ES) to 1 (SP) - Five E-mini contracts are equivalent to one corre: ~~100,000~~ **140,000** E-mini/~~20,000~~ **28,000** standa

5 (EW) to 1 (SP) - Five E-mini contracts are equivalent to one corre: ~~100,000~~ **140,000** E-mini/~~20,000~~ **28,000** standa

5 (EW1) to 1 (SP) - Five E-mini contracts are equivalent to one cor ~~100,000~~ **140,000** E-mini/~~20,000~~ **28,000** standa

5 (EW2) to 1 (SP) - Five E-mini contracts are equivalent to one cor ~~100,000~~ **140,000** E-mini/~~20,000~~ **28,000** standa

5 (EW4) to 1 (SP) - Five E-mini contracts are equivalent to one cor ~~100,000~~ **140,000** E-mini/~~20,000~~ **28,000** standa

5 (EME) to 1 (SP) - Five E-mini contracts are equivalent to one cor ~~100,000~~ **140,000** E-mini/~~20,000~~ **28,000** standa

1 (SG) + 1 (SU) to 1 (SP) - For purpose of aggregation: One S&P 50 ~~20,000~~ **28,000**

1 (SG) + 1 (SU) to 1 (SP) - For purpose of aggregation: One S&P 50 ~~20,000~~ **28,000**

rd S&P futures
rd S&P futures
rd S&P futures
rd S&P futures
rd S&P futures
rd S&P futures