



E-mini S&P Select Sector Futures

Nine individual sector futures that comprise the S&P 500 Index, trade on CME Globex and track the same underlying indices as the Select Sector SPDR ETFs. Sector definitions are based upon GICS Level 1 definitions.

Sector Exposure in the Futures Format

- **Capital Efficiency.** Offers traditional futures-style margining, with initial margin requirements from 5%–12% of notional exposure, and potential for significant cross-margining benefits in sector spreads. Additional operational efficiencies can be gained from working with a single clearing house.
- **Potentially Tax Advantageous.** CME does not give tax advice. It is the client's responsibility to verify whether the following potential benefits are applicable to his/her specific situation.
 - **For certain eligible U.S. taxable entities:** Given the 60/40 tax treatment of futures, there may be meaningful tax advantages to certain eligible U.S. taxable entities when employing futures as opposed to other instruments offering the same target index exposure.
 - **For non-US investors subject to dividend withholding tax:** Futures may offer a more optimal implementation solution because futures' fair value calculations reflect a discount of 100% of the dividend yield assumption.

FLEXIBLE EXECUTION FEATURE

Basis Trade at Index Close (BTIC) Block Trades.

More details on next page. ▶

Key Product Applications

- **Sector Rotation.** The contracts provide efficient composite instruments for expressing sector-specific views in a portfolio.
 - **Spreading.** Opportunities generally fall into these categories:
 - Spreading opportunities can be pursued among the individual sectors by analyzing the sector constituents and gauging relative performance over a target time horizon. Clients find that these opportunities often have a low correlation to other equity-based strategies, and potentially can help to mitigate overall portfolio risk while generating alpha.
 - Spreading opportunities between an individual sector and broad market indices such as the S&P 500 Index also exist. These spreading opportunities can be implemented by using multi-legged futures trades and/or by using futures versus corresponding ETFs.
 - **Portfolio overlays.** E-mini S&P Select Sector futures can be used to hedge unintended sector risk in stock-specific portfolios and/or to fine-tune a broad market hedging instrument such as S&P 500 futures on a tactical basis.
 - **Cash equitization.** These contracts provide an efficient means of managing cash or gaining cheap beta exposure for sector-specific strategies that experience periodic cash contributions and redemptions.
- Mutual funds managers may prefer to use E-mini S&P Select Sector futures over ETFs because futures do not have embedded annual investment management fees.

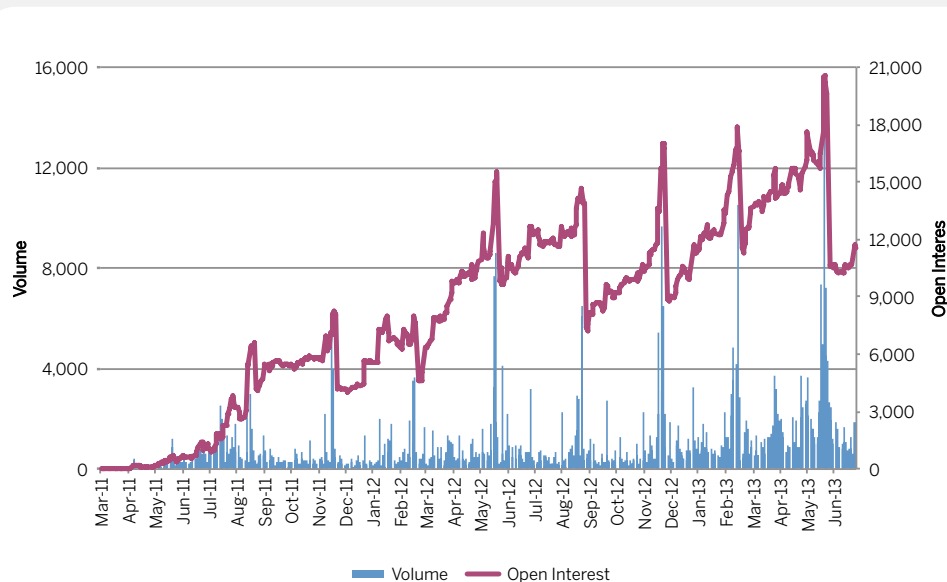
Growing Liquidity and Customer Demand

- Dedicated liquidity provider program features multiple market makers continuously posting two-sided markets on CME Globex during regular U.S. trading hours.
- The electronic market has been displaying competitive bid/ask spreads with a robust refresh rate for electronic trading.
- Exchange for Physical (EFP)-eligible.
- Block-eligible (50 contract minimum, or \$1.4 mm–\$3.8 mm notional, depending on the specific contract)
- **Basis Trade at Index Close (BTIC) block trades** enable market participants to execute a transaction as a basis trade relative to the final daily value for the underlying S&P Select Sector Index. This trade type can be reported through GCC or Front End Clearing systems. These trades must be reported using the BTIC tickers provided in table at right.
- ADV and open interest continue to build:
 - **Volume Record:** 13,506 contracts traded on June 18, 2013 (over \$604.8 million in notional)
 - **O.I. Record:** 20,668 positions on June 19, 2013 (over \$930 million in notional)

- There has been significant growth in the number of customer accounts that have traded E-mini S&P Select Sector futures since inception of the product.
- A number of large institutional investment managers have indicated that they are employing these futures in their portfolios.

E-mini Select Sector Futures Contract	Futures Ticker	BTIC Block Trade Ticker Symbol	Index Ticker
Consumer Discretionary	XAY	XYT	IXY
Consumer Staples	XAP	XPY	IXR
Energy	XAE	XET	IXE
Financial	XAF	XFT	IXM
Health Care	XAV	XVT	IXV
Industrial	XAI	XIT	IXI
Materials	XAB	XBT	IXB
Technology	XAK	XKT	IXT
Utilities	XAU	XUT	IXU

E-mini S&P Select Sector Futures Volumes and Open Interest (through July 24, 2013)



For more information, visit cmegroup.com/sectors.

Futures trading is not suitable for all investors, and involves the risk of loss. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to any one trade because they cannot expect to profit on every trade.

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