



Special Executive Report

DATE: March 25, 2020
SER#: 8572
SUBJECT: Amendments to Certain CME and CBOT Options on Equity Index Futures Contracts Concerning Settlement after a Level 3 (-20%) Market-Wide Circuit Breaker (MWCB)

Effective Tuesday, April 7, 2020 for trade date Wednesday, April 8, 2020, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME") and The Board of Trade of the City of Chicago, Inc ("CBOT") (collectively, the "Exchanges") will amend the Exercise and Assignment rules of the Options on Equity Index Futures contracts listed in Tables 1 and 2 below (the "Contracts") to modify the settlement of the Contracts after a Level 3 (-20%) Market-Wide Circuit Breaker ("MWCB").

Also at this time, the Exchanges are implementing amendments to correct the New York Stock Exchange Rule reference from 80B to 7.12 (collectively, the "Rule Amendments").

Currently the CME and CBOT product rules do not consider the possibility that during the period intended to be used, namely the 30-second time period from 8:30:30 a.m. 8:31:00 a.m., a Level 1 or Level 2 Regulatory Halt is declared.

The Rule Amendments shall allow for the Fixing Price applied for moneyness to be calculated utilizing prices which occurred during the first 30-second time frame after the lifting of a Regulatory Halt that had been in effect during any or all of the 30-second window from 8:30:30 a.m. to 8:31:00 a.m.

An example of the addition language to the Exercise and Assignment rule of the Contracts is provided below with additions underscored.

If, at the time such Fixing Price is scheduled to be calculated in respect of expiring options, the Primary Listing Exchange (Rule XXXA00.A.) is subject to a Regulatory Halt (Rule XXXA00.B.), and the Primary Futures Contract Month is limit offered at the maximum price limit permissible during such Regulatory Halt pursuant to Rule XXX02.I., then (a) such option shall expire at 8:31 a.m. on the next following Business Day on which a Regulatory Halt is not in effect, and (b) the Fixing Price in respect of such option shall be calculated in accordance with the corresponding provisions of this Rule, on the basis of a reference interval beginning at 8:30:30 a.m. and concluding at 8:31:00 a.m. If, during any portion of the 30-second period from 8:30:30 a.m. – 8:31:00 a.m. CT, there is a Level 1 or Level 2 Regulatory Halt in effect, the Fixing Price shall be calculated using trades consummated during the 30-second period commencing with the lifting of such Regulatory Halt. If a subsequent Regulatory Halt is declared during this 30-second period, the calculation of the Fixing Price shall be based strictly on those trades consummated prior to such subsequent Regulatory Halt.

For the avoidance of doubt, in the event there is a Level 1 or Level 2 Regulatory Halt during the time period of 8:30:30 – 8:31:00 am CT, no trades during that time period (8:30:30 – 8:31:00 am CT) will be used in the calculation of the Fixing Price.

CME and CBOT Contracts

Table 1 CME

- Chapter 351A Options on Standard and Poor's 500 Stock Price Index™ Futures

- Chapter 358A Options on E-mini Standard and Poor's 500 Stock Price Index Futures
- Chapter 359A Options on E-mini Nasdaq-100 Index[®] Futures
- Chapter 362A Options on E-mini Standard and Poor's Midcap 400[®] Stock Price Index Futures
- Chapter 393A Options on E-mini[®] Russell 2000[®] Index Futures

Table 2 CBOT

- Chapter 27A Options on CBOT[®] E-mini Dow Jones Industrial AverageSM Index Futures (\$5 Multiplier)

Amendments to CME and CBOT Rulebook chapters in blackline format may be viewed [HERE](#).

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