



Special Executive Report

DATE: April 14, 2022

SER#: 8965

SUBJECT: **Derived Block Trade Eligibility for all CME E-mini S&P Select Sector Futures and CBOT Dow Jones US Real Estate Index Futures Contracts**

Effective Sunday, May 22, 2022 for trade date Monday, May 23, 2022, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. and The Board of Trade of the City of Chicago, Inc. (collectively, the “Exchanges”) shall permit derived block trading for all of the CME E-mini S&P Select Sector Futures and the CBOT Dow Jones US Real Estate Index Futures contracts listed in Table 1. below (the “Contracts”).

Derived block trades are Exchange futures transactions in an eligible equity index futures contract. Pursuant to derived block trades and CME and CBOT Rule 526. (“Block Trades”), a dealer consummates a block trade with a client where the price and quantity of the block trade depend on one or more hedging transactions (as described below) by such dealer that takes place *after* the block trade has been consummated, but *prior* to the block trade submission for clearing to the Exchange. The block trade minimum threshold of derived block trades shall exactly mirror applicable and existing minimum block trade thresholds of the Exchange’s contracts.

Permissible hedging vehicles include stock baskets, other cash market instruments such as Exchange Traded Funds (ETFs), Exchange Traded Notes (ETNs), or equity index futures or options on futures contracts. At a minimum, the hedging vehicles *must* evidence a reasonable degree of price correlation to the equity index futures product underlying the derived block trade.

Permissible execution methodologies governing the execution of the hedges may include volume weighted average price (“VWAP”), time weighted average price (“TWAP”), percentage of volume (“POV”), limit price, or other agreed upon hedge types as determined by the dealer and the client at the time the derived block trade is consummated, and must be identified when submitting such derived block trade to the Exchange via CME Direct.

Derived block trades will be uniquely identifiable when price reported on the CME Group website and distributed via market data. Derived block trades must be submitted via CME Direct by the dealer facilitating the trade (dual-sided entry) no later than 5:45 p.m. Central Time on the day the trade occurs.

Table 1.

| Contract Title | Rulebook Chapter | CME ClearPort Code | Block Trade Minimum Threshold |
|---|------------------|--------------------|-------------------------------|
| E-mini S&P Consumer Discretionary Select Sector Index Futures | CME 369 | XAY | 50 contracts |
| E-mini S&P Consumer Staples Select Sector Index Futures | CME 369 | XAP | 50 contracts |
| E-mini S&P Communication Services Select Sector Index Futures | CME 369 | XAZ | 50 contracts |

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| E-mini S&P Energy Select Sector Index Futures | CME 369 | XAE | 50 contracts |
| E-mini S&P Financial Select Sector Index Futures | CME 369 | XAF | 50 contracts |
| E-mini S&P Healthcare Select Sector Index Futures | CME 369 | XAV | 50 contracts |
| E-mini S&P Industrial Select Sector Index Futures | CME 369 | XAI | 50 contracts |
| E-mini S&P Materials Select Sector Index Futures | CME 369 | XAB | 50 contracts |
| E-mini S&P Real Estate Select Sector Index Futures | CME 369 | XAR | 50 contracts |
| E-mini S&P Technology Select Sector Index Futures | CME 369 | XAK | 50 contracts |
| E-mini S&P Utilities Select Sector Index Futures | CME 369 | XAU | 50 contracts |
| Dow Jones US Real Estate Index Futures | CBOT 30 | JR | 50 contracts |

Inquiries regarding this matter may be directed to:

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