

TO: Clearing Member Firms; Back Office Managers

FROM: CME Clearing

ADVISORY #: 17-229

Date: June 19, 2017

SUBJECT: Product Modification Summary for Clearing Firms, Bookkeeping Software Providers, ISVs

Effective Sunday, June 25, for trade date Monday, June 26, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange, Inc. ("CME" or "Exchange") will expand the threshold for reduced-tick trading in spreads and combinations of options on S&P 500 Stock Price Index futures ("S&P 500 options").

Under current option product rules --

The minimum price fluctuation generally is 0.10 S&P 500 Index points (equal to \$25 per option contract). A "reduced-tick" exception is permitted, such that "for any option spread or combination that trades at a net premium of 5 Index points or less, each option contract comprised within such spread or combination may trade in price increments of 0.05 Index points." (CME Rule 351A01.C.1.)

Under amended option product rules --

The scope of the "reduced-tick" exception shall be expanded, only for option spreads or combinations traded in open outcry or through privately negotiated transactions submitted to the Exchange via CME ClearPort: For any such option spread or combination that trades at a net premium of 10 Index points or less, each option contract comprised within such spread or combination may trade in price increments of 0.05 Index points. *These amendments to product rules shall not apply to such option spreads or combinations traded on the CME Globex electronic trading platform.*

The following exhibit summarizes –

S&P 500 Option Type	Clearing Code	Maximum Net Premium Threshold for Reduced-Tick Trading in Option Spreads and Combinations as of June 25, 2017 (S&P 500 Index points)
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Open Outcry and CME ClearPort

Quarterly	SP	10
European Style Weekly	EV1-EV4	10
European Style Wednesday Weekly	S1C-S5C	10
European Style Monday Weekly	S1A-S5A	10
European Style End-of-Month	EV	10

CME Globex

Quarterly	SP	5 (No Change)
European Style Weekly	EV1-EV4	5 (No Change)
European Style Wednesday Weekly	S1C-S5C	5 (No Change)
European Style Monday Weekly	S1A-S5A	5 (No Change)
European Style End-of-Month	EV	5 (No Change)

Information Contacts		
General Information	Products & Services	(312) 930-1000
	Clearing House	(312) 207-2525
Globex Information	Global Command Center	(800) 438-8616
Performance Bond Information	Risk Management Dept.	(312) 648-3888
Position Limits	Market Regulation	(312) 341-7970
Clearing Fees	Clearing Fee Hotline	(312) 648-5470

Regards,
CME Clearing