

TO: Clearing Member Firms; Back Office Managers

FROM: CME Clearing

ADVISORY #: 22-472

DATE: December 13, 2022

SUBJECT: **Migration of Open Interest from the Options on E-mini S&P 500 Index Futures – Quarterly PM (European-Style) Contract to the Weekly Options on E-mini S&P 500 Index Futures – Week 3 (European-Style) Contract**

Subject to all CFTC regulatory review periods, Chicago Mercantile Exchange Inc. (“CME Clearing”) will implement rule amendments to facilitate the conversion of unexpired open positions in the Options on E-mini S&P 500 Index Futures – Quarterly PM (European-Style) contract (the “Quarterly Contract”) at the close of business on Friday, February 10, 2023 into notionally equivalent positions in the Weekly Options on E-mini S&P 500 Index Futures – Week 3 (European-Style) contract (the “Weekly Contract”). Following completion of the conversion process on February 12, 2023, there will be zero (0) open interest in the Quarterly Contract and it will be immediately delisted.

Contract Title	Commodity Code	Rulebook Chapter	Current Listing Schedule	Amended Listing Schedule
Weekly Options on E-mini S&P 500 Index Futures – Week 3 (European-Style)	EW3	358A	9 non-consecutive weekly contracts (excluding quarterly months)	<b><u>13 consecutive</u></b> weekly contracts ( <b><u>including</u></b> quarterly months)
Options on E-mini Standard and Poor's 500 Stock Price Index Futures - Quarterly PM (European-Style)	EYC	358A	Quarterly contracts (Mar, Jun, Sep, Dec) listed for 4 consecutive quarters	<u>Last listed month: Dec 2023</u>

Given the importance of EYC contract for risk management purposes, CME will expand the listing schedule of the existing Weekly Contract, specifically the week 3 contract (contract code EW3). The existing EW3 contract has the same economic characteristics as the EYC contract and the listing expansion of EW3 will enable customers to trade contract expiries that previously only existed under the EYC contract. The expanded listing schedule of EW3 will be available for trading on CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort at 5:00 p.m. CT Sunday February 12, 2023, for trade date Monday February 13, 2023.

Please note the behavior for the EYC contract is quarterly contracts (Mar, Jun, Sep, Dec) listed for 4 consecutive quarters, with trading terminating on the 3rd Friday of the contract month. Currently EW3 contract expiries are listed as 9 weekly contracts (excluding quarterly months) and trading terminates at 3:00 p.m. CT on Friday of the contract week. With the listing expansion, this will change to 13 consecutive weekly contracts (including quarterly months) and trading will terminate at 3:00 p.m. CT on Friday of the contract week.

In order to support Clearing Members with open interest in EYC contracts after trading ceases at 4.00 p.m. CT on Friday February 10, 2023, CME Clearing will convert those positions into an equivalent strike and

expiry in the EW3 contract. CME Clearing will be in touch with Clearing Members prior to the conversion weekend, however the conversion process will look as follows:

1. On Friday February 10, 2023, trading in the EYC contract will terminate at 4:00 p.m. CT. For Friday's end of day clearing cycle, it is important that Clearing Members complete all their allocation activity in the EYC contract and ensure an accurate PCS is submitted given that Friday's EOD positions will be used in the conversion process to establish the EW3 positions.
2. On Sunday February 12, 2023, prior to the trading open at 5:00 p.m. CT, CME Clearing will convert individual trading positions in outstanding EYC positions through establishing offsetting transfers in the Clearing Members' account opposite the CME 995 account to establish notionally equivalent positions from EOD Friday into EW3 positions. For each 1 contract position a Clearing Member holds in the EYC contract, CME Clearing will process 2 transfers: 1 transfer offsetting the EYC position and 1 transfer offsetting an EW3 position. These transfers will be processed at a trade price of 0 and Clearing Members will receive clearing confirmation messages for these transfers. CME Clearing will provide a file to clearing Members showing the transfers booked in the conversion process. At 5:00 p.m. on Sunday, the expanded listing schedule of the EW3 contract will be available for trading and clearing for trade date Monday February 13, 2023.
3. On Monday February 13, 2023, should Clearing Members need to make any morning Position Change Submission ("PCS") adjustments in the EYC contract as a result of an inaccurate PCS value from Friday, the open interest adjustments should be performed on the converted EW3 positions prior to the normal 8:15 a.m. CT deadline. For the end of day clearing cycle on Monday, Clearing Members should submit a PCS value of 0 for their EYC positions or refrain from submitting a value for EYC positions altogether.

Should Clearing Members have any questions please call 312-207-2525 or email [ccs@cmegroup.com](mailto:ccs@cmegroup.com).