



Special Executive Report

S-7771

November 30, 2016

Amendments to CME Rule 855 (Offsetting Different Sized Futures Positions) Affecting Certain S&P 500 Option Contracts

Effective Wednesday, December 14, 2016 for trade date Thursday, December 15, 2016, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME" or "Exchange") will adopt amendments to Rules 855 ("Offsetting Different Sized Futures Positions") to allow a clearing member to offset and liquidate long positions in options on E-Mini or E-Micro futures contracts ("E-Mini or E-Micro options") against short positions in options on regular futures contracts ("regular options") provided that such positions meet the specified criteria in CME Rule 855.

CME Rule 855. allows for the offset and liquidation of certain E-mini or E-micro futures contracts versus their corresponding regular futures contracts. The amendments to CME Rule 855. expand this allowance to certain E-mini or E-micro options versus their corresponding regular options. The offset and liquidation of E-Mini or E-Micro options versus regular options under CME Rule 855. is restricted to options that: (a) correspond to futures combinations permitted for offset and liquidation pursuant to CME Rule 855., (b) are exclusively applied to European-style exercise, (c) expire on the same date, and (d) have the same exercise price. Amendments to CME Rule 855. specifically apply to Options on E-Mini S&P 500 futures versus Options on S&P 500 futures at a 5 to 1 ratio. Note that futures positions shall be offset at the previous day's settlement price; options positions shall be offset at a premium of zero.

The affected S&P 500 option products upon effective date are provided in the table below:

S&P 500 Option Contracts	Full-Sized Option Contracts	E-Mini Option Contracts
End of Month Options	EV	EW
Friday weekly options	EV1, EV2, EV3, EV4	EW1, EW2, EW3, EW4
Wednesday weekly options	S1C, S2C, S3C, S4C,	E1C, E2C, E3C, E4C, E5C

Amendments to CME Rule 855. are provided below with additions underscored.

CME Chapter 8 Clearing House and Performance Bonds

855. OFFSETTING DIFFERENT SIZED FUTURES POSITIONS AND OPTIONS POSITIONS

With the consent of the account controller, a clearing member may offset and liquidate long E-Mini or E-Micro futures positions against short regular futures positions, or short E-Mini or E-Micro futures positions against long regular futures positions, held in the same account in the following ratios of E-Mini or E-Micro to regular futures contracts:

E-Mini S&P 500 to regular S&P 500: 5:1

E-Mini Currency to regular Currency: 2:1

E-Mini Nikkei 225 (Yen) to regular Nikkei 225 (Yen): 5:1

E-Micro GBP/USD, EUR/USD, AUD/USD, CAD/USD, JPY/USD, CHF/USD, USD/RMB or CNY, USD/Offshore RMB or CNH to regular Currency: 10:1

E-Micro INR/USD to regular INR/USD: 5:1

With the consent of the account controller, a clearing member may offset and liquidate long positions in options on E-Mini or E-Micro futures contracts ("E-Mini or E-Micro options") against short positions in options on regular futures contracts ("regular options"), or short positions in E-Mini or E-Micro options against long positions in regular options, held in the same account, provided that (a) any such offsetting and liquidating combination of E-Mini or E-Micro options and regular options corresponds to one of the offsetting and liquidating combinations of E-Mini or E-Micro futures and regular futures specified in this Rule, and provided that the options to be netted have (b) European exercise, (c) the same expiration date, and (d) the same exercise price. If all of the foregoing requirements are met, then the offsets will be in the following ratios of options on E-Mini or E-Micro futures contracts to options on regular futures contracts:

Options on E-Mini S&P 500 futures to Options on S&P 500 futures: 5:1

The clearing member shall notify the Clearing House of offsetting positions by submitting reports to the Clearing House in such form and manner as the Clearing House shall specify. The positions shall be offset at the previous day's settlement price for futures and at a price of zero for options. The positions being offset shall be transferred to a CME holding account. Long and short positions in the same contract and contract month held in the holding account shall be netted, thus reducing the number of open positions in such contract.

Questions concerning the amendments may be directed to one of the following individuals:

Thomas Boggs, Sr. Director Equity Products, 312.930.3038
Erin Middleton, Sr. Rules & Regulatory Outreach Specialist, 312.341.3286

For media inquiries concerning this Special Executive Report, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.