



Special Executive Report

S-7805

December 7, 2016

Administrative Amendments to the S&P 500 Total Return Index Futures and S&P 500 Carry Adjusted Total Return Index Futures Contracts

Effective Tuesday, December 20, 2016 for trade date Wednesday, December 21, 2016, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME" or "Exchange") will implement administrative amendments to Rulebook Chapter 357 ("S&P 500 Total Return Index Futures") and Chapter 357A ("S&P 500 Carry Adjusted Total Return Index Futures") contracts (the "Contracts").

The amendments to the Contracts are simply administrative in nature and will replace language in the rules regarding Basis Trade at Index Close ("BTIC") transactions with the Exchange's standard language referencing BTIC transactions.

CME Rulebook

(additions underscored; deletions ~~struckthrough~~)

Chapter 357

S&P 500 Total Return Index Futures

35706. BASIS TRADE AT INDEX CLOSE ("BTIC") TRANSACTIONS

~~[Futures shall be eligible for BTIC transactions. For any BTIC transaction in futures on a given Trading Day, the price shall be based on the Index closing price on such Trading Day, adjusted by an admissible futures price increment ("basis adjustment") above or below such Index closing price, in accordance with Rule 35706.C. The magnitude of such basis adjustment must be fair and reasonable in light of factors such as, but not limited to, financing rates, expected dividend income, and time remaining until futures contract expiration.]~~

All BTIC transactions must be executed in accordance with the requirements of Rule 524.B

35706.A. BTIC Block Trade Requirements

~~[A BTIC transaction in futures may be executed as a block trade, provided that such block trade is executed in accordance with CME Rule 526.~~

~~Both the size of such block trade and any applicable basis adjustment shall be reported to the Exchange within five (5) minutes after agreement by the parties to such trade. For a BTIC block trade that is executed on a given Trading Day and reported to the Exchange at least 10 minutes prior to the scheduled close of the Primary Listing Exchange, the corresponding futures price shall be made by reference to the Index closing price for the current Trading Day. For such BTIC block trade that is reported to the Exchange later than 10 minutes prior to the scheduled close of the Primary Listing Exchange, the corresponding futures price shall be made by reference to the Index closing price for the next following Trading Day.]~~

BTIC block trades must be executed in accordance with the requirements of Rule 526. For a BTIC block trade executed on a given Trading Day on or before the scheduled close of the Primary Listing Exchange, the corresponding futures price shall be made by reference to the Index closing value for the current Trading Day. For a BTIC block trade executed on a given

Trading Day after the scheduled close of the Primary Listing Exchange, the corresponding futures price shall be made by reference to the Index closing value for the next Trading Day.

~~[35706.D. BTIC Orders Prohibited on Last Day of Trading~~

~~Orders for BTIC transactions in expiring futures may not be initiated on the day of Final Settlement Price determination in such expiring futures (Rule 357A02.G.).~~

~~35706.E. Market Disruption Events~~

~~In the event of disruption in the Primary Listing Exchange, all orders for BTIC block trades in futures shall be cancelled. Such event of disruption shall be declared by the Exchange, in its sole discretion, and may include without limitation:~~

- ~~1. unscheduled early closure of the Primary Listing Exchange, or~~
- ~~2. a NYSE Rule 80B trading halt declared in response to a Level 3 (20%) decline in the S&P 500 Index, necessitating early close of the the Primary Listing Exchange.]~~

[The remainder of Chapter 357 remains unchanged.]

Chapter 357A

S&P 500 Carry Adjusted Total Return Index Futures

357A06. BASIS TRADE AT INDEX CLOSE (“BTIC”) TRANSACTIONS

~~[Futures shall be eligible for BTIC transactions.~~

~~For any BTIC transaction in futures on a given Trading Day, the price shall be based on the Index closing price on such Trading Day, adjusted by an admissible futures price increment (“basis adjustment”) above or below such Index closing price, in accordance with Rule 357A06.C. The magnitude of such basis adjustment must be fair and reasonable in light of factors such as, but not limited to, financing rates, expected dividend income, and time remaining until futures contract expiration.]~~

All BTIC transactions must be executed in accordance with the requirements of Rule 524.B

357A06.A. BTIC Block Trade Requirements

~~[A BTIC transaction in futures may be executed as a block trade, provided that such block trade is executed in accordance with CME Rule 526.~~

~~Both the size of such block trade and any applicable basis adjustment shall be reported to the Exchange within five (5) minutes after agreement by the parties to such trade. For a BTIC block trade that is executed on a given Trading Day and reported to the Exchange at least 10 minutes prior to the scheduled close of the Primary Listing Exchange, the corresponding futures price shall be made by reference to the Index closing price for the current Trading Day. For such BTIC block trade that is reported to the Exchange later than 10 minutes prior to the scheduled close of the Primary Listing Exchange, the corresponding futures price shall be made by reference to the Index closing price for the next following Trading Day.]~~

BTIC block trades must be executed in accordance with the requirements of Rule 526. For a BTIC block trade executed on a given Trading Day on or before the scheduled close of the Primary Listing Exchange, the corresponding futures price shall be made by reference to the Index closing value for the current Trading Day. For a BTIC block trade executed on a given Trading Day after the scheduled close of the Primary Listing Exchange, the corresponding futures price shall be made by reference to the Index closing value for the next Trading Day.

~~[357A06.D. BTIC Orders Prohibited on Last Day of Trading~~

~~Orders for BTIC transactions in expiring futures may not be initiated on the day of Final Settlement Price determination in such expiring futures (Rule 357A02.G.).~~

~~357A06.E. Market Disruption Events~~

~~In the event of disruption in the Primary Listing Exchange, all orders for BTIC block trades in futures shall be cancelled. Such event of disruption shall be declared by the Exchange, in its sole discretion, and may include without limitation:~~

- ~~1. unscheduled early closure of the Primary Listing Exchange, or~~
- ~~2. a NYSE Rule 80B trading halt declared in response to a Level 3 (20%) decline in the S&P 500 Index, necessitating early close of the the Primary Listing Exchange.]~~

[The remainder of Chapter 357A remains unchanged.]

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