



## Special Executive Report

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**DATE:** September 25, 2020

**SER#:** 8661

**SUBJECT:** **Amendments to the CME and CBOT Rule 589. Special Price Fluctuation Limits and Daily Price Limits Table and Trading Halt Rules for Certain CME and CBOT Equity Index Futures and Options on Futures Contracts**

As previously advised, effective Sunday, October 11, 2020 for trade date Monday, October 12, 2020, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME") and The Board of Trade of the City of Chicago, Inc. ("CBOT") (collectively, the "Exchanges") will adopt amendments to the CME and CBOT Rule 589. ("Special Price Fluctuation Limits and Daily Price Limits") table (the "Table") and trading halt rules for certain CME and CBOT equity futures and options contracts.

**1. Amendments to the CME and CBOT Rule 589. Special Price Fluctuation Limits and Daily Price Limits Table**

The Exchanges will amend the Overnight Trading Hours ("OTH") price limits for certain CME and CBOT equity index futures and options on futures from the current  $\pm 5\%$  hard limits to  $\pm 7\%$  hard limits. During OTH, these contracts will also be subject to dynamic price fluctuation limits, pursuant to CME and CBOT Rule 589.D. ("Dynamic Price Fluctuation Limits") with a  $\pm 3.5\%$  dynamically calculated variant, provided that the  $\pm 7\%$  hard limit is not exceeded.

**2. Amendments to the Recommencement of Trading Following a Regulatory Halt**

Currently, during Regular Trading Hours ("RTH"), CME and CBOT equity index futures and options on futures contracts are coordinated with the Primary Listing Exchange price limits. At such time as a Regulatory Halt is declared in response to a Level 1 (7%) or a Level 2 (13%) Market Decline, trading is halted. When trading resumes after 15 minutes on the Primary Listing Exchange, trading also resumes in CME and CBOT equity index futures and options on futures contracts, subject to the corresponding price limits. The Exchanges are amending certain CME and CBOT equity index futures and options on futures contracts to resume trading 10 minutes after a Regulatory Halt commences on the Primary Listing Exchange.

The expansion of the OTH hard limits will allow the contracts to align with the first level of the price limits that are in place for the U.S. equity markets during RTH. Additionally, the amendments are designed to reinforce price discovery of the contracts prior to the open of the cash market while improving the transition from the price limits in effect during OTH to those in effect during RTH.

Also at this time, the Exchanges are implementing administrative changes to the various CME and CBOT equity index futures and options on futures product chapters inclusive of harmonization of references to Chicago Time, harmonization of rules with other similar CME and CBOT product rulebook chapters, and updates to NYSE rule references.

Additional information regarding this initiative may be viewed [HERE](#). The CME and CBOT product rulebook chapter amendments in blackline format may be viewed [HERE](#).

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