



Special Executive Report

DATE: October 27, 2020
SER#: 8671
SUBJECT: Amendments to the Nikkei Stock Average Futures, Yen Denominated Nikkei Stock Average Futures, and Yen Denominated TOPIX Index Futures Contracts - Basis at Trade Index Close (“BTIC”) Transactions Permitted until 3:00 p.m. Japan Time

Effective Sunday, November 22, 2020 for trade date Monday, November 23, 2020, and pending all relevant Commodity Futures Trading Commission (“CFTC”) regulatory review periods, Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) will implement amendments to the Nikkei Stock Average Futures, Yen Denominated Nikkei Stock Average Futures, and the Yen Denominated TOPIX Index Futures contracts (the “Contracts”) to eliminate the rule entitled (“BTIC Orders Prohibited on the Day of Final Settlement Price Determination”) of the Contracts (collectively, the “Rule Amendments”).

Contract Title	CME Globex Code	CME ClearPort / Clearing Code	BTIC Code	CME Rulebook Chapter
Nikkei Stock Average Futures	NKD	NK	NKT	352
Yen Denominated Nikkei Stock Average Futures	NIY	N1	NIT	352B
Yen Denominated TOPIX Index Futures	TPY	TPY	TPB	371

The Rule Amendments shall align the Exchange’s current practice that BTIC transactions are permitted until 3:00 p.m. Japan time on the last trade date of the Contracts.

Exhibit A below provides the Rule Amendments in blackline format.

Please refer questions on this subject to:

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Exhibit A

CME Rulebook

Chapter 352 Nikkei Stock Average Futures

(additions underscored; deletions ~~struck through~~)

35206. BASIS TRADE AT INDEX CLOSE (“BTIC”)

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

35206.A. Price Assignment Procedure for BTIC Futures

The futures price of a BTIC transaction shall be determined by the Exchange subsequent to the dissemination of the applicable closing value of the underlying Index.

35206.B. BTIC Order Minimum Price Increment

The minimum price increment shall be 0.1 Index point, equal to \$0.5 per contract, for any basis adjustment that is applied to the Index closing level to establish the futures price of a BTIC transaction.

35206.C. [Reserved] ~~BTIC Orders Prohibited on the Day of Final Settlement Price Determination~~

~~Except on the day of Final Settlement Price Determination for a contract, Orders for BTIC transactions may be initiated (i) at any time when futures are available for trading on CME Globex and (ii) during the CME Globex pre-open time period for futures.~~

35206.D. Market Disruption Events

In the event of disruption to the underlying securities market that precluded a valid calculation of the official closing value of the underlying index, all pending and executed BTIC transactions in futures shall be cancelled by the Exchange. Such disruption shall be declared by the Exchange in its sole discretion, and may include, without limitation, an unscheduled early closure for the day of the underlying securities market or a regulatory trading halt necessitating an early closure of the underlying securities market.

Chapter 352B

Yen Denominated Nikkei Stock Average Futures

(additions underscored; deletions ~~struck through~~)

352B06 BASIS TRADE AT INDEX CLOSE (“BTIC”)

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

352B06.A. Price Assignment Procedure for BTIC Futures

The futures price of a BTIC transaction shall be determined by the Exchange subsequent to the dissemination of the applicable closing value of the underlying Index.

352B06.B. BTIC Order Minimum Price Increment

The minimum price increment shall be 0.1 Index point, equal to ¥50 per contract, for any basis adjustment that is applied to the Index closing level to establish the futures price of a BTIC transaction.

352B06.C. [Reserved] ~~BTIC Orders Prohibited on the Day of Final Settlement Price Determination~~

~~Except on the day of Final Settlement Price Determination for a contract, Orders for BTIC transactions may be initiated (i) at any time when futures are available for trading on CME Globex and (ii) during the CME Globex pre-open time period for futures.~~

352B06.D. Market Disruption Events

In the event of disruption to the underlying securities market that precluded a valid calculation of the official closing value of the underlying index, all pending and executed BTIC transactions in futures shall be cancelled by the Exchange. Such disruption shall be declared by the Exchange in its sole discretion, and may include, without limitation, an unscheduled early closure for the day of the underlying securities market or a regulatory trading halt necessitating an early closure of the underlying securities market.

Chapter 371

Yen Denominated TOPIX Index Futures

(additions underscored; deletions ~~struck through~~)

37106. BASIS TRADE AT INDEX CLOSE (“BTIC”) TRANSACTIONS

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

37106.A. [Reserved]

37106.B. Price Assignment Procedure for BTIC Futures

The futures price of a BTIC transaction shall be determined by the Exchange no later than 3:45 p.m. Such price determination shall be deemed final.

37106.C. BTIC Order Minimum Price Increment

The minimum price increment shall be 0.1 Index points, equal to ¥500 per contract, for any basis adjustment that is applied to the Index closing level to establish the futures price of a BTIC transaction.

37106.D. ~~[Reserved] BTIC Orders Prohibited on Last Day of Trading~~

~~Orders for BTIC transactions may be initiated (i) at any time when futures are available for trading on CME Globex and (ii) during the CME Globex pre-open time period for futures.~~

37106.E. Market Disruption Events

In the event of disruption to the TSE, all pending and executed BTIC transactions in futures shall be cancelled by the Exchange. Such disruption shall be declared by the Exchange in its sole discretion, and may include, without limitation, an unscheduled early closure for the day of the TSE or a regulatory trading halt necessitating an early closure of the TSE.