



Special Executive Report

DATE: August 2, 2021
SER#: 8794R
SUBJECT: REMINDER: Amendments to the E-mini Nasdaq Biotechnology Index Futures Contract

Effective Sunday, August 15, 2021 for trade date Monday, August 16, 2021, Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) will amend the E-mini Nasdaq Biotechnology Index Futures contract (the “Contract”) (Rulebook Chapter 360; CME Globex Code: BIO; CME ClearPort Code: BQ; BTIC Code: BIT) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission of clearing via CME ClearPort as more specifically described below.

Specifically, the Exchange will amend:

Rule 36001. (“Contract Specifications”) and Rule 36002.B. (“Trading Unit”) to decrease the contract multiplier to \$25.00 times the Index;

Rule 36002.C. (“Price Increments”) to increase the minimum price increment to 0.50 index points equal to (\$12.50) per contract and decrease the minimum price increment equal to \$1.25 per intermonth spread;

Rule 36002.I.1.a. (“Tier 3”) to amend the Reference Price value to round down to the nearest integer multiple of 0.50 Index points;

Rule 36002.I.1.b. (“Offsets for Price Limits”) to amend the Offset value to round down to the nearest integer multiple of 0.50 Index points; and

Rule 588.H. (“Globex Non-Reviewable Trading Ranges”) table (the “Table”) to conform with the aforementioned (collectively, the “Rule Amendments”).

| Contract Title | CME Globex Code | CME ClearPort Code | Rulebook Chapter | Current Outright Minimum Price Fluctuation | Increased Outright Minimum Price Fluctuation | Current Multiplier | Decreased Multiplier |
|---|-----------------|--------------------|------------------|--|--|--------------------|----------------------|
| E-mini™ Nasdaq® Biotechnology Index Futures | BIO | BQ | 360 | 0.10 Index Points | 0.50 Index Points | \$50 | \$25 |

To facilitate the change, it will be requested that customers cancel all Good ‘Till Cancel (“GTC”) and Good ‘Till Date (“GTD”) orders of the Contract after the close on Friday, August 13, 2021. After 16:00 Central Time (CT) on Friday, August 13, 2021, all remaining Good ‘Till (“GT”) orders for this Contract will be cancelled or deleted by the CME Global Command Center (“GCC”).

Given the contract value factor reduction from \$50 to \$25, open interest holders with open positions in the Contract on the close of business on Friday, August 13, 2021 will be processed using Friday’s settlement which will clear on Monday, August 16, 2021. Details regarding the clearing process provided to market participants may be viewed [HERE](#).

Amendments to Chapter 360 are set forth in Exhibit A below in blackline format. Amendments to CME Rule 588.H. are set forth in Exhibit B below in blackline format.

Please refer questions on this subject to:

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Exhibit A
Chapter 360
E-mini™ Nasdaq® Biotechnology Index Futures

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

36001. CONTRACT SPECIFICATIONS

Each futures contract shall be valued at ~~\$50.00~~ \$25.00 times the E-mini Nasdaq Biotechnology Index ("Index"). The Nasdaq Biotechnology Index is a modified capitalization-weighted index comprised of stocks that are classified as either pharmaceutical or biotechnology.

36002. TRADING SPECIFICATIONS

36002.A. Trading Schedule

Futures shall be scheduled for trading during such hours and for delivery in such months as may be determined by the Exchange.

36002.B. Trading Unit

The unit of trade shall be ~~\$50.00~~ \$25.00 times the Index.

36002.C. Price Increments¹

Bids and offers shall be quoted in Index points. The minimum price increment shall be ~~0.40~~ 0.50 Index points, equal to ~~\$5.00~~ \$12.50 per contract, except for intermonth spreads executed pursuant to Rule 542.A., for which the minimum price increment shall be 0.05 Index points, equal to ~~\$2.50~~ \$1.25 per intermonth spread.

36002.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

36002.E. [Reserved]

36002.F. [Reserved]

36002.G. Termination of Trading

Trading in expiring futures shall terminate at the regularly scheduled start of trading on the Nasdaq Stock Market on the Business Day scheduled for determination of the Final Settlement Price (Rule 36003.A.) for such futures.

36002.H. [Reserved]

36002.I. Price Limits and Trading Halts

¹ See Rule 36006.C. (BTIC Orders Minimum Price Increment) for information on the minimum price increment or Tick Size for BTIC Transactions. BTIC trades that are completed are based on the closing stock index value, and will be cleared in price increments of 0.01 index points, because the underlying stock index is reported to a two decimal place level precision.

Futures trading shall be subject to Price Limits as set forth in this Rule. For the purpose of this Rule the Exchange shall determine, in its sole discretion, the futures delivery month that represents the Primary Futures Contract Month and when such Primary Futures Contract Month is limit bid or limit offered.

1. Daily Determination of Price Limits

For a given Business Day, Price Limits applicable to a futures contract for a given delivery month shall be calculated on the basis of the corresponding Reference Price (Rule 36002.I.1.a.) and the corresponding Offsets (Rule 36002.I.1.b.), as follows:

7% Price Limits = Reference Price minus 7% Offset, and Reference Price plus 7% Offset

13% Price Limit = Reference Price minus 13% Offset

20% Price Limit = Reference Price minus 20% Offset

1.a. Reference Prices for Price Limits

For a given Business Day, for futures for a given delivery month, the Exchange shall set a contract Reference Price on the first preceding Business Day, as follows:

Tier 1

Such Reference Price shall be based on the volume-weighted average price of transactions in such futures on the CME Globex electronic trading platform during the interval (i) between 2:59:30 p.m. and 3:00:00 p.m., or (ii) in the case of an early scheduled close of the Primary Listing Exchange, between 11:59:30 a.m. and noon, or (iii) in the event of an unscheduled early close of the Primary Listing Exchange, the final thirty (30) seconds of the Primary Listing Exchange trading day ("Reference Interval").

Tier 2

If no such transaction occurs during the Reference Interval, then such Reference Price shall be based on the average of midpoints of bid/ask spreads for such futures quoted on CME Globex during the Reference Interval, provided that the Reference Price calculation shall exclude the midpoint value for any such bid/ask spread that is wider than 0.20 Index points (equal to two (2) minimum price increments).

Tier 3

If such Reference Price cannot be determined pursuant to Tier 1 or Tier 2, then the Exchange, in its sole discretion, shall set such Reference Price by alternative means which may include, but are not limited to, derivation by reference to the basis relationship between such futures contract's price and the Index, or application of Tier 1 and Tier 2 calculations to successive time intervals of increasing length, in integer multiples of thirty (30) seconds, until suitable price data are obtained.

The resultant Reference Price value shall be rounded down to the nearest integer multiple of ~~[0.40]~~ **0.50** Index point. Such Reference Price, so rounded, shall be used for determination of the corresponding Price Limits.

For newly listed futures for a given delivery month, the Exchange shall set, in its sole discretion, a Reference Price value for the purpose of determining Price Limits for the first day of trading in such futures.

1.b. Offsets for Price Limits

For a given Business Day, the Exchange shall determine Offsets on the basis of the Index value ("I") at the close of trading on the Primary Listing Exchange (Rule 35900.B.) on the first preceding Business Day, as follows:

7% Offset = 7% of I (0.07 x I)

13% Offset = 13% of I (0.13 x I)

20% Offset = 20% of I (0.20 x I)

Each resultant Offset value shall be rounded down to the nearest integer multiple of ~~[0.40]~~ **0.50** Index point. Each such Offset, so rounded, shall be used in determination of the corresponding Price Limits.

2. Application of Price Limits from Start of Trading Day to 8:30 a.m.

From the start of any Trading Day until 8:30 a.m., there shall be no trading in futures for a given delivery month at any price that is either strictly lower than or strictly higher than the range defined by the 7% Price Limits (Rule 36002.I.1.) applicable to such futures on such Trading Day.

Without limitation to the foregoing, the start of any Trading Day generally shall coincide with the start of the CME Globex trading session at 5:00 p.m. on the evening first preceding such Trading Day.

During this period of time, the contract shall also be subject to dynamic price fluctuation limits as set forth in Rule 589.D. and in the Special Price Fluctuation Limits and Daily Price Limits Table in the Interpretations & Special Notices Section of Chapter 5.

3. Application of Price Limits and Trading Halts from 8:30 a.m. to 2:25 p.m.

Except as provided in Rules 36002.I.3.a. and 35902.I.3.b., from 8:30 a.m. until and including 2:25 p.m., or from 8:30 a.m. until and including 11:25 a.m. in the case of an early scheduled close of the Primary Listing Exchange, futures for a given delivery month shall trade subject to the corresponding Price Limits (Rule 36002.I.1.), as follows:

There shall be no futures trading at any price strictly lower than the corresponding 7% Price Limit, unless the Primary Futures Contract Month becomes limit offered at its 7% Price Limit.

At such time as the Primary Futures Contract Month becomes limit offered at its 7% Price Limit, the Exchange shall initiate a 2-minute observation interval. At the conclusion of such observation interval:

If the Primary Futures Contract Month is not limit offered at its 7% Price Limit, futures trading shall continue subject to the corresponding 13% Price Limit.

If the Primary Futures Contract Month remains limit offered at its 7% Price Limit, futures trading shall halt for two (2) minutes, and shall then resume subject to the corresponding 13% Price Limit.

At such time as the Primary Futures Contract Month becomes limit offered at its 13% Price Limit, the Exchange shall initiate a 2-minute observation interval. At the conclusion of such observation interval:

If the Primary Futures Contract Month is not limit offered at its 13% Price Limit, futures trading shall continue subject to the corresponding 20% Price Limit.

If the Primary Futures Contract Month remains limit offered at its 13% Price Limit, futures trading shall halt for two (2) minutes, and shall then resume subject to the corresponding 20% Price Limit.

There shall be no futures trading at any price strictly lower than the corresponding 20% Price Limit.

3.a. Regulatory Halts

At such time as the Primary Listing Exchange may declare a Regulatory Halt (Rule 36000.C.) in response to a Level 1 (7%) Market Decline in the S&P 500 Index, futures trading shall halt. When trading resumes on the Primary Listing Exchange, futures trading shall resume subject to the corresponding 13% Price Limit.

At such time as the Primary Listing Exchange may declare a Regulatory Halt in response to a Level 2 (13%) Market Decline in the S&P 500 Index, futures trading shall halt. When trading resumes on the Primary Listing Exchange, futures trading shall resume subject to the corresponding 20% Price Limit.

At such time as the Primary Listing Exchange may declare a Regulatory Halt in response to a Level 3 (20%) Market Decline in the S&P 500 Index, futures trading shall halt for the remainder of the trading session.

3.b. Unscheduled Non-Regulatory Halts

If an unscheduled trading halt that is not also a Regulatory Halt occurs on one or more Primary Listing Exchanges between 8:30 a.m. and 2:25 p.m., or between 8:30 a.m. and 11:25 a.m. in the case of an early scheduled close of the Primary Listing Exchange(s), then futures trading shall be subject to such trading halts or such price limits as the Exchange, in its sole discretion, may determine to be appropriate.

4. Application of Price Limits from 2:25 p.m. to 3:00 p.m.

From 2:25 p.m. to 3:00 p.m., or from 11:25 a.m. to noon in the case of an early scheduled close on the Primary Listing Exchange, trading in futures for a given delivery month shall be subject only to the corresponding 20% Price Limit (Rule 36002.I.1.).

At such time as the Primary Listing Exchange may declare a Regulatory Halt in response to a Level 3 (20%) Market Decline in the S&P 500 Index, futures trading shall halt for the remainder of the trading session.

5. Application of Price Limits from 3:00 p.m. to Close of Trading Day

From the close of trading on the Primary Listing Exchange at 3:00 p.m., or at noon in the case of an early scheduled close on the Primary Listing Exchange, until the close of the current Trading Day, trading in futures for a given delivery month shall be subject to an upper Price Limit equal to the corresponding Reference Price determined on the current Business Day (Rule 36002.I.1.a.) plus the 7% Offset determined on the current Business Day (Rule 36002.I.1.b.).

Trading in such futures also shall be subject to a lower Price Limit set as the corresponding Reference Price determined on the current Business Day minus the 7% Offset determined on the current Business Day, provided that such lower Price Limit shall be no lower than the 20% Price Limit (Rule 36002.I.1.) applicable to the current Trading Day.

During this period of time, the contract shall also be subject to dynamic price fluctuation limits as set forth in Rule 589.D. and in the Special Price Fluctuation Limits and Daily Price Limits Table in the Interpretations & Special Notices Section of Chapter 5.

Without limitation to the foregoing, the close of the current Trading Day generally shall coincide with the close of the CME Globex trading session on such Trading Day.

[Remainder of Chapter unchanged]

Exhibit B

CME Rule 588.H. (“Globex Non-Reviewable Trading Ranges”) Table

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

| Instrument | Globex Symbol | Outrights | | | Spreads | |
|-------------------------------------|---------------|------------------------------------|--------------------|--------------------------|--------------------|-------------------------|
| | | Globex Non-Reviewable Ranges (NRR) | NRR: Globex Format | NRR: Minimum Ticks | NRR: Globex Format | NRR: Minimum Ticks |
| E-mini NASDAQ Biotechnology Futures | BIO | 12 index points | 1200 | 120 <u>24</u> | 300 | 30 <u>60</u> |