



Special Executive Report

DATE: November 30, 2021
SER#: 8893
SUBJECT: Administrative Amendments to the Final Settlement Rules Regarding Japanese Holidays in Connection with Four (4) Japanese Equity Index Futures and Options Contracts

Effective Sunday, December 19, 2021 for trade date Monday, December 20, 2021, and pending all relevant Commodity Futures Trading Commission (“CFTC”) regulatory review periods, Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) will amend relevant rules of the four (4) Japanese equity index futures and options contracts listed in the table below (the “Contracts”) to clarify the Exchange’s current practice regarding final settlement procedures in the event of a Japanese holiday or Tokyo Stock Exchange (“TSE”) non-business day (collectively, the “Rule Amendments”).

Contract Title	CME Rulebook Chapter	CME Globex/ CME ClearPort Code
Nikkei Stock Average Futures	352	NKD/NK
Yen Denominated Nikkei Stock Average Futures	352B	NIY/N1
Options on Yen Denominated Nikkei Stock Average Futures	352C	NKY/NKY
E-mini Yen Denominated Nikkei Stock Average Index Futures	370	ENY/ENY

Specifically, the Rule Amendments will explicitly state that if the final settlement date of the Contracts shall fall on either a Japanese holiday or a TSE non-business day, the final settlement price will be determined on the TSE business day immediately preceding the final settlement date. For example, Friday, February 11, 2022 is a Japanese holiday, so the final settlement for the Contracts will take place on Thursday, February 10, 2022.

The Rule Amendments are provided in Exhibit A below.

Please refer questions on this subject to:

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Exhibit A
CME Rulebook

(additions underscored; deletions struckthrough)

Chapter 352
Nikkei Stock Average Futures

35203. SETTLEMENT PROCEDURES

Final settlement of the Nikkei Stock Average futures contract shall be by cash settlement.

35203.A. Final Settlement Price

The final settlement price shall be the special opening quotation of the Nikkei Stock Average which is used to settle the Nikkei Stock Average Futures at the Osaka Securities Exchange, rounded to the nearest 1/100th of an index point. This value will usually be based on the opening of the second Friday of the contract month.

In the event the second Friday of such delivery month is not a Tokyo Stock Exchange business day, such special opening quotation of the Nikkei Stock Average and the corresponding Final Settlement Price shall be determined on the Tokyo Stock Exchange business day immediately preceding the second Friday of such delivery month.

[Remainder of Rule unchanged]

Chapter 352B
Yen Denominated Nikkei Stock Average Futures

352B03. SETTLEMENT PROCEDURES

Final settlement of the yen denominated Nikkei Stock Average futures contract shall be by cash settlement.

352B03.A. Final Settlement Price

The final settlement price shall be the special opening quotation of the Nikkei Stock Average which is used to settle the Nikkei Stock Average Futures at the Osaka Securities Exchange, rounded to the nearest 1/100th of an index point. This value will usually be based on the opening of the second Friday of the contract month.

In the event the second Friday of such delivery month is not a Tokyo Stock Exchange business day, such special opening quotation of the Nikkei Stock Average and the corresponding Final Settlement Price shall be determined on the Tokyo Stock Exchange business day immediately preceding the second Friday of such delivery month.

[Remainder of Rule unchanged]

Chapter 352C
Options on Yen Denominated Nikkei Stock Average Futures

352C01. OPTIONS CHARACTERISTICS

352C01.I. Termination of Trading

1. Options in the March Quarterly Cycle

For options that expire in the March quarterly cycle, options trading shall terminate at the same date and time as the underlying futures contract.

2. Options Not in the March Quarterly Cycle

For options that expire in months other than those in the March quarterly cycle, options trading shall terminate on the second Friday of the contract month. If that day is not a scheduled Osaka Securities Exchange Business Day, options trading shall terminate on the first preceding business day. In the event that the underlying futures market does not open on the scheduled Expiration Date, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

[Remainder of section unchanged]

352C02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of options on Yen Denominated Nikkei Stock Average futures.

352C02.A. Exercise of Option by Buyer

352C02.A.1 Options in the March Quarterly Cycle

An option may be exercised by the buyer on any Business Day leading up to and including the day of determination of the Final Settlement Price of the underlying futures contract~~that the option is traded~~. To exercise an option the clearing member representing the buyer shall present an exercise notice to the Clearing House by 5:30 p.m. on the day of exercise.

An option in the March quarterly cycle that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 5:30 p.m. on the day of determination of the Final Settlement Price by the clearing member representing the option buyer, be exercised automatically.

Corrections to option exercises may be accepted by the Clearing House after the 5:30 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

[Remainder of Rule unchanged]

Chapter 370

E-mini Yen Denominated Nikkei Stock Average Index Futures

37003. SETTLEMENT PROCEDURES

Final settlement of expiring futures shall be by cash settlement.

37003.A. Final Settlement Price

The final settlement price shall be the special opening quotation of the [Nikkei Stock Average] Index which is used to settle the OSE Nikkei 225 mini Futures, rounded to the nearest 1/100th of an Index point. This value will usually be based on the opening of the second Friday of the contract month.

In the event the second Friday of such delivery month is not a Tokyo Stock Exchange business day, such special opening quotation of the Nikkei Stock Average and the corresponding Final Settlement Price shall be determined on the Tokyo Stock Exchange business day immediately preceding the second Friday of such delivery month.

[Remainder of Rule unchanged]