



Special Executive Report

DATE: October 25, 2023
SER#: 9283
SUBJECT: Amendments to the Daily Settlement Procedure Document for the Euro Short-Term Rate €STR Futures Contract

Effective Sunday, November 19, 2023, for trade date Monday, November 20, 2023, and pending all relevant Commodity Futures Trading Commission ("CFTC") regulatory review periods, Chicago Mercantile Exchange Inc. ("CME" or "Exchange") will amend the Daily Settlement Procedure Document (the "Document") of the Euro Short-Term Rate (€STR) Futures contract (the "Contract") as noted in the table below.

Contract Title	CME Rulebook Chapter	CME Globex and CME ClearPort Code
Euro Short-Term Rate (€STR) Futures	480	ESR

The Exchange is amending the Document in order that the daily settlement of the Contract shall utilize the CME Globex electronic trading platform ("CME Globex") market activity for (1) all serial contract months and (2) outright and spread market activity for all non-quarter tick eligible quarterly contract months.

Exhibit A below provides the changes to the Document in blackline format.

Inquiries regarding the aforementioned may be directed to the CME Group Global Command Center at 312.456.2391. Questions regarding this Special Executive Report may be directed to the CME Global Command Center at 800.438.8616, in Europe at 44.800.898.013, in Asia at 65.6532.5010, or GCC@cmegroup.com.

Exhibit A

Daily Settlement Procedure Document

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

Euro Short-Term Rate (€STR) Futures Daily Settlement Procedure

Normal Daily Settlement Procedures for the Euro Short-Term Rate (€STR) Futures

CME Group staff determines the daily settlement of Euro Short-Term Rate (€STR) Futures (code: ESR) based on the market activity on CME Globex.

~~Contract Months in their Interest Accrual Period~~

~~Serial and Quarterly contract months that are in their accrual period (that is; contracts that do not have a matching Euribor contract) will be settled to the midpoint of the Globex bid/ask during the (16:05 to 16:15 London) settlement period, with adjustments made to incorporate relevant bid/ask activity in the spread between the serial (or front quarterly month if quarter tick eligible) and the first non-quarter tick eligible quarterly contract.~~

All Remaining ESTR Contracts

~~All ESTR futures that are not in their final settlement accrual period will settle to the following formula. The matching month ICE Euribor daily settlement + that particular month EUS (Basis Spread Futures) settlement will equal the ESTR futures (ESR) settlement. For example, if the Dec 2023 Euribor futures settle at 99.000 and the Dec 2023 EUS (Basis Spread Futures) settles at .20 basis points the Dec 2023 ESR will settle at 99.200.~~

Serial and Quarter Tick Eligible Quarterly Contract Months

Serial contract months settle to the midpoint of the CME Globex bid/ask during the settlement period, with adjustments made to incorporate relevant spread bid/ask activity in the spread between the serial (or front quarterly month if quarter tick eligible) and the first non-quarter tick eligible quarterly contract.

Non-Quarter Tick Eligible Quarterly Contract Months

The first 10 or 11 (depending on quarter tick eligibility) quarterly months settle based upon the bid/ask activity of both outright and spread markets on CME Globex between 15:59:00 and 16:00:00 London time. Initial prices are determined by the volume weighted average price (VWAP) of each outright contract, and may be adjusted within the outright bid/ask range to accommodate calendar spreads and butterfly bids and asks. Calendar spreads and butterfly instruments to be considered in this manner are 3 month calendars, 6 month calendars, 9 month calendars, 12 month calendars, 3 month butterflies, and 12 month butterflies. In all cases, the mechanism that accommodates the most spread bids and asks will be utilized.

The remaining deferred quarterly contracts will be settled using bids and asks in calendar spreads and butterfly instruments in conjunction with settlements from any months where a settlement price has been determined to form an implied market in the contract to be settled. These implied markets, along with the outright bid/ask market for the contract, will be used to derive the best possible bid and the best possible ask. If there are multiple prices that are eligible between this best possible bid and the best possible ask, the price that sets the net change as close to the net change of the contract that precedes it in the settlement order will be utilized.

*Please note that all VWAPs calculated in the above procedure will be rounded to the nearest tradable tick, following a symmetric – “round half towards zero” – rounding convention. For instance, a VWAP of 99.6525 of a non-quarter tick eligible outright will be rounded to 99.650. A spread VWAP of -12.25 will be rounded to -12.0.

Final Settlement Procedures

<https://www.cmegroup.com/content/dam/cmegroup/rulebook/CME/V/450/480.pdf>

If you have any questions, please call the CME Global Command Center at 800.438.8616, in Europe at 44.800.898.013, or in Asia at 65.6532.5010.

Note: In the event the aforementioned calculations cannot be made or if CME Group staff, in its sole discretion, determines that anomalous activity produces results that are not representative of the fair value of the contract, staff may determine an alternative settlement price.