



Special Executive Report

S-6250

May 23, 2012

CME Group Announces the Launch of E-mini Yen Denominated Nikkei Stock Average Index Futures on Sunday, June 17, 2012

CME Group announces that E-mini Yen Denominated Nikkei Stock Average Index futures will begin trading at 5:00 p.m. on Sunday, June 17, 2012.

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) intends to offer the E-mini Yen Denominated Nikkei Stock Average Index futures contracts exclusively on the CME Globex electronic trading platform between the hours of 5:00 p.m. and 3:15 p.m., and 3:30 p.m. to 4:30 p.m. Monday through Friday. Block trading is also available for this product with minimum of 250 contracts. The September 2012, December 2012, March 2013 and June 2012 contracts will be the first four cycle months listed for trading. These contracts are listed by and subject to the rules of CME.

The E-mini Yen Denominated Nikkei Stock Average Index futures is not eligible for our Mutual Offset (MOS) program with the E-mini Yen Denominated Nikkei Stock Average Index traded at the Singapore Exchange (SGX) due to the license agreement with OSE.

The CFTC submission on E-mini Yen Denominated Nikkei Stock Average Index Futures contract is forthcoming.

If you have any questions regarding these rule amendments, please contact Mr. John Nyhoff, R&PD at 312-930-2310 or Ms. Lucy Wang, R&PD at 312-648-5478.

1. Nature of the Index

The Nikkei Stock Average Index is a price-weighted average, and the components are reviewed once a year. Currently, the index is the most widely quoted Japanese equity index. The constituent stocks of the Nikkei Average Index are equally weighted based on a par value of 50 Yen per share. Events such as stock splits, removals and additions of constituents impact the weighting of individual stocks and the divisor. The index is designed to reflect the overall market. Hence there are no industry specific weightings.

The Exchange asserts that the Nikkei Stock Average Index qualifies as non-narrow based index per the Commodity Exchange Act as amended. Note that Section 1a(25) of the CEA provides that a narrow-based index is one which “(i) has 9 or fewer component securities; (ii) in which a component security comprises more than 30 percent of the index’s weighting; (iii) in which the 5 highest weighted component securities in the aggregate comprise more than 60 percent of the index’s weighting; or (iv) in which the lowest weighted component securities comprising, in the aggregate, 25 percent of the index’s weighting have an aggregate dollar value of average daily trading volume of less than \$50,000,000 (or in the case of an index with 15 or more component securities, \$30,000,000) ...”

2. Description of Individual Contract Terms

In order to facilitate the certification process, the Exchange offers the following description and explanation of futures on E-mini Yen denominated Nikkei Stock Average Index futures contract terms and conditions. Note that this contract replicates other extant stock index futures contracts in most respects. Note further that the Exchange intends to offer futures on E-mini Yen denominated Nikkei Stock Average Index contract on the CME Globex electronic trading system.

Contract size— Rule 370B01., COMMODITY SPECIFICATION, provides that “[t]he unit of trading shall be ¥100 times the Nikkei Stock Average Index.” As of this writing, the Index was in the vicinity of 8729 index points which equates to a contract value of approximately ¥872,900.

Quotation Specification—Rule 370B02.C., Price Increments, specifies that “[b]ids and offers shall be quoted in terms of the Nikkei Stock Average Index. The minimum fluctuation of the futures contract shall be 10 points, equivalent to ¥1000 per contract.”

Position Limits—Rule 370B02.D., Position Limits, states that “[a] person shall not own or control more than 5,000 Nikkei Stock Average Index contracts or equivalent contracts net long or net short in all contract months combined. For purpose of this rule an E-mini Yen denominated Nikkei Stock Average Index futures contract shall be deemed to be equivalent to one-fifth (0.20) of a Standard Yen denominated Nikkei Stock Average futures contract.”

No-Bust Range—The Globex trade cancellation policy is amended to specify a “no-bust range” of 60.00 index points per contract.

Block Trading—Block trading is allowed in the context of this product with minimum of 250 contracts.

Other contract Terms and Conditions— All other terms and conditions of the proposed contract are substantially identical to the standard Yen denominated Nikkei Stock Average

Index futures. For the reader's convenience, we provide a table (below) summarizing contract terms and conditions.

Proposed Contract Specifications

E-mini Yen Denominated Nikkei Stock Average Index Futures		
Contract Value	¥100 times x Nikkei Stock Average, e.g., Index @ 8729 on 5/22/12, contract value= ¥872,900	
Tick Symbol	ENY	
Multiplier	¥100	
Tick Size	10 Index points = ¥1,000	
Venue	Offered exclusively on CME Globex® electronic trading platform	
Trading Hours	Globex MON-THUR: 5:00 p.m. - 3:15 p.m. & 3:30 p.m. - 4:30 p.m. (Daily maintenance shutdown 4:30 p.m. - 5:00 p.m.) SUN: 5:00 p.m. - 3:15 p.m., ClearPort 17:00 PM Sunday-16:15 PM Friday Central Time	
Listing Cycle	4 quarterlies	
Daily Price Limits	Lead Month Settlement	Daily Limit (Index Points)
	0-20,000	1,000
	20,005-30,000	1,500
	30,005 and up	2,000
	<i>Represents Nikkei USD and Yen combined.</i>	
Settlement Procedure	Cash Settlement. All open positions at close of last day of trading are settled in cash to the Special Opening Quotation (SOQ) of the Nikkei 225 Stock Average referencing the opening values of the constituent stocks. All trades executed after 15:15 will have next day's trade date.	

3. Rules Governing E-mini Yen Denominated Nikkei Stock Average Index Futures

Chapter 370

E-mini Yen Denominated Nikkei Stock Average Index Futures

37000. SCOPE OF CHAPTER

This chapter is limited in application to futures trading in the E-mini Yen denominated Nikkei Stock Average. The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

37001. COMMODITY SPECIFICATIONS

Each futures contract shall be valued at ¥100 times the Nikkei Stock Average. The Nikkei Stock Average Index is a broadly based, price-weighted average of 225 larger, actively traded Japanese stocks that are listed on the Tokyo Stock Exchange.

37002. FUTURES CALL

37002.A. Trading Schedule

Futures contracts shall be scheduled for trading during such hours and for delivery in such months as may be determined by the Board of Directors.

37002.B. Trading Unit

The unit of trading shall be ¥100 times the Nikkei Stock Average Index.

37002.C. Price Increments

Bids and offers shall be quoted in terms of the Nikkei Stock Average Index. The

minimum fluctuation of the futures contract shall be 10 points, equivalent to ¥1000 per contract.

37002.D. Position Limits

A person shall not own or control more than 5,000 Nikkei Stock Average Index contracts or equivalent contracts net long or net short in all contract months combined. For purpose of this rule an E-mini Yen denominated Nikkei Stock Average Index futures contract shall be deemed to be equivalent to one-fifth (0.20) of a Standard Yen denominated Nikkei Stock Average futures contract.

37002.E. Accumulation of Positions

For purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

37002.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions and inter-commodity spread positions subject to Rule 559.

37002.G. Termination of Trading

Futures trading shall terminate at the close of trading on the business day immediately preceding the day of determination of the Final Settlement Price.

37002.H. Contract Modifications

Specifications shall be fixed as of the first day of trading of a contract. If any U.S. governmental agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive, or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subject to such government orders.

37002.I. Price Limits, Trading Halts, and/or Trading Hours

There shall be no trading at a price more that the Daily Price Limit above or below the previous day's settlement price, except that there shall be no Daily Price Limit in a contract on its last day of trading.

The Daily Price Limit shall be announced prior to the opening of trading in each calendar month. The Daily Price Limit shall be determined from the following table, based on the settlement price of the lead month futures contract on the last business day of the preceding month:

Lead Month Settlement	Daily Limit (Index points)
0 - 20,000	1,000
20,005 - 30,000	1,500
30,005 and up	2,000

37003. SETTLEMENT PROCEDURES

Final settlement of the yen denominated Nikkei Stock Average futures contract 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 Nikkei Stock Average Index 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.

37003.B. Final Settlement

Clearing members holding open positions in a yen denominated Nikkei Stock Average futures contract at the time of termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

37004. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)

37005-06 [RESERVED]

(End Chapter 370)

4. Other Rule Amendments Associated with E-mini Yen Denominated Nikkei Stock Average Index Futures

The following amendments to Exchange Rules are necessitated by the introduction of E-mini Yen Denominated Nikkei Stock Average Index futures. Additions are underlined, deletions are bracketed and overstruck.

CHAPTER 5: TRADING QUALIFICATIONS AND PRACTICES

588.K. GLOBEX No Bust Ranges

Previous portion of Rule is unchanged.

International Index Futures (CME)	Non-Reviewable Range	NRR including Unit of Measure	NRR Tick
Nikkei 225 (Dollar) Futures	60	60 index points	12
Nikkei 225 (Yen) and <u>E-mini Nikkei 225 (Yen)</u>	60	60 index points	12

POSITION LIMIT, POSITION ACCOUNTABILITY AND REPORTABLE LEVEL TABLE

CONTRACT NAME	OPTIONS	FIRST SCALE-DOWN SPOT MONTH	SECOND SCALE-DOWN SPOT MONTH	SPOT MONTH	SINGLE MONTH	ALL MONTHS COMBINED	POSITION ACCOUNTABILITY	REPORTABLE FUT LEVEL	REPORTABLE OPT LEVEL
CME Equity Index									
Nikkei 225	Y					*5,000		50	50
<u>Nikkei 225 (JPY) and E-mini Nikkei 225 (JPY)</u>	Y					*5,000		25	25

CHAPTER 8: Clearing House and Performance Bonds

855. Offsetting Different Sized Futures Positions

With the consent of the account controller, a clearing member may offset and liquidate long E-Mini or E-Micro futures positions against short regular futures positions, or short E-Mini or E-Micro futures positions against long regular futures positions, held in the same account in the following ratios of E-Mini or E-Micro to regular futures contracts:

- E-Mini S&P Midcap 400 to regular S&P Midcap 400: 5:1
- E-Mini Currency to regular Currency: 2:1
- E-Mini S&P CNX Nifty Index Futures to E-micro S&P CNX Nifty Index Futures: 5:1
- [E-Mini Nikkei 225 \(Yen\) to regular Nikkei 225 \(Yen\): 5:1](#)