



Special Executive Report

S-6671
May 31, 2013

Effective June 13, 2013, the Exchange amends Basis Trade at Index Close (“BTIC”) language to clarify that the basis associated with a BTIC trade must be reported in full price increments.

The minimum price increment section in the CME E-mini S&P Select Sectors Futures Contract Specifications Table in CME Rule 36901 and CBOT Dow Jones U.S. Real Estate Futures Rule 30102.C. Price Increments are being amended. The purpose of the amendments are to eliminate any ambiguity related to the minimum futures price increment that must be used to report the basis component for a Basis Trade at Index Close (“BTIC”) block trade.

The current wording of CME Rule 36901 and CBOT Rule 30102.C. has led some market participants to incorrectly assume that the basis component of a BTIC block trade may be stated in price increments less than the futures contract minimum tick increment. The amended rules will eliminate the potential for this misinterpretation.

The basis component of a BTIC block trade must be reported in full tick increments. A full tick increment for E-mini S&P Select Sector futures is 0.10 index points, except for the E-mini Financial Select Sector Future, which has a minimum tick increment equal to 0.05 index points. The minimum tick increment for Dow Jones U.S. Real Estate futures is 0.10 index points.

The final futures price associated with a BTIC block trade may be recorded to a 0.01 index point price increment because the daily closing value of the underlying stock index is reported to a 0.01 index point level of granularity. The reference to the 0.01 final futures price level of granularity for BTIC block trades is relegated to a footnote to the minimum price increment rule.

Again, the purpose of the modification to CME Rule 36901 and CBOT Rule 30102.C. is to clarify that the minimum price increment used for reporting the basis associated with a BTIC Block Trade differs from the level of price granularity associated with the final BTIC futures price.

The proposed rule changes are subject to CFTC review.

The aforementioned rulebook language changes will be effective as of June 13, 2013.

A marked copy of the rule changes as well as a clean copy of the rule changes are attached to this SER.

Please contact Mr. John Nyhoff, Research & Product Development at 312-930-2310; or Ms. Lucy Wang, Director, Financial Research & Product Development at (312)648-5478

if you have any inquiries regarding this matter.

(Additions are underlined, Deletions are bracketed and struck through)

**CME Chapter 369
E-mini S&P Select Sector™ Stock Index Futures**

36900. SCOPE OF CHAPTER

This chapter is limited in application to E-mini S&P Select Sector Stock Index futures. In addition to this chapter, E-mini S&P Select Sector Stock Index futures shall be subject to the general rules and regulations of the Exchange as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

36901. CONTRACT SPECIFICATIONS

Each E-mini S&P Select Sector Stock Index futures contract shall be constructed per the specifications included in the table below.

	E-mini S&P Select Sector Stock Index Futures Contract	Trading Unit (Contract Multiplier) & Currency	Minimum Price Increment or Tick Size¹
1	E-mini Consumer Discretionary Select Sector Futures	\$100.00 (USD)	0.10 Index Points (\$10.00) [0.01 Index Points (\$1.00) for BTIC Block Trades only]
2	E-mini Consumer Staples Select Sector Futures	\$100.00 (USD)	0.10 Index Points (\$10.00) [0.01 Index Points (\$1.00) for BTIC Block Trades only]
3	E-mini Energy Select Sector Futures	\$100.00 (USD)	0.10 Index Points (\$10.00) [0.01 Index Points (\$1.00) for BTIC Block Trades only]
4	E-mini Financial Select Sector Futures	\$250.00 (USD)	0.05 Index Points (\$12.50) [0.01 Index Points (\$2.50) for BTIC Block Trades only]
5	E-mini Health Care Select Sector Futures	\$100.00 (USD)	0.10 Index Points (\$10.00) [0.01 Index Points (\$1.00) for BTIC Block Trades only]
6	E-mini Industrial Select Sector Futures	\$100.00 (USD)	0.10 Index Points (\$10.00) [0.01 Index Points (\$1.00) for BTIC Block Trades only]
7	E-mini Materials Select Sector Futures	\$100.00 (USD)	0.10 Index Points (\$10.00) [0.01 Index Points (\$1.00) for BTIC Block Trades only] (\$1.00) for BTIC Block Trades only
8	E-mini Technology Select Sector Futures	\$100.00 (USD)	0.10 Index Points (\$10.00) [0.01 Index Points (\$1.00) for BTIC Block Trades only]
9	E-mini Utilities Select Sector Futures	\$100.00 (USD)	0.10 Index Points (\$10.00) [0.01 Index Points (\$1.00) for BTIC Block Trades only]

¹ See Rule 36906.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 price index is reported to a two decimal place level of precision.

CBOT Chapter 30 CBOT® Dow Jones US Real Estate Index Futures

30102.C. Price Increments¹

The price of CBOT® Dow JonesSM US Real Estate Index futures shall be quoted in index points. One index point is worth \$100.00. The minimum price fluctuation shall be one tenth of an index point per contract (\$10.00)~~], except for Basis Trade at Index Close block trades where minimum price increments shall be 0.01].~~ Contracts shall not be made on any other price basis.

¹ See Rule **30107.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 price index is reported to a two decimal place level of precision.

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CME Chapter 369 E-mini S&P Select Sector™ Stock Index Futures

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