

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 23-279

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 08/01/23 Filing Description: Amendments to Rule 35XA01.C. ("Minimum Fluctuation") of all E-mini and Micro E-mini Options on Standard and Poor's 500 Stock Price Index Futures for Trades Executed on CME Globex

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|--------------------------|-------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Notification | § 40.6(d) |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers:

New Product

Please note only ONE product per Submission.

- | | | |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.2(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> | Approval | § 40.3(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission | § 39.5 |

Product Terms and Conditions (product related Rules and Rule Amendments)

- | | | |
|-------------------------------------|---|----------------------|
| <input checked="" type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Certification Made Available to Trade Determination | § 40.6(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.24(a) |
| <input type="checkbox"/> | Delisting (No Open Interest) | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Approval Made Available to Trade Determination | § 40.5(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.24(c) |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | "Non-Material Agricultural Rule Change" | § 40.4(b)(5) |
| <input type="checkbox"/> | Notification | § 40.6(d) |

Official Name(s) of Product(s) Affected: See filing.

Rule Numbers: See filing.

August 1, 2023

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**Re: CFTC Regulation 40.6(a) Certification. Amendments to Rule 35XA01.C. (“Minimum Fluctuation”) of all E-mini and Micro E-mini Options on Standard and Poor's 500 Stock Price Index Futures Contracts to Vary the Minimum Price Increment Threshold by Price Level for Trades Executed on CME Globex.
CME Submission No. 23-279**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) certifies to the Commodity Futures Trading Commission (“CFTC” or “Commission”) will amend the minimum price increment behavior of all Options on E-mini and Micro E-mini Standard and Poor’s 500 Stock Price Index Futures contracts (the “Contracts”) for all trades executed on the CME Globex electronic trading platform (“CME Globex”) as noted in Table 1. below effective on Sunday, October 1, 2023 for trade date Monday, October 2, 2023.

Specifically, the Exchange will amend Rule 35XA01.C. (“Minimum Fluctuations”) to vary the minimum price increment threshold by price level of the Contracts from 5.00 Index points to 10.00 Index points for trading on CME Globex (collectively, the “Rule Amendments”). Trades submitted for clearing via CME ClearPort will remain unchanged and will continue to be 0.05 Index points, regardless of the price level.

Table 1.

| Contract Title | Rulebook Chapter | Commodity Code | CME ClearPort Minimum Price Increment – All Price Levels (Unchanged) | Current CME Globex Minimum Price Increment Threshold by Price Level | Amended CME Globex Minimum Price Increment Threshold by Price Level |
|---|-------------------------|-----------------------|---|--|---|
| Options on E-mini Standard and Poor's 500 Stock Price Index Futures | 358A | ES | 0.05 | 0.05 Index points with trades at price levels equal to or less than 5.00 | 0.05 Index points with trades at price levels equal to or less than <u>10.00</u> |
| Monday Weekly Options on E-mini Standard and Poor's 500 Stock Price Index Futures - Week 1-5 (European-Style) | 358A | E1A-E5A | | | |

| | | | | |
|--|------|---------|---|---|
| Tuesday Weekly Options on E-mini Standard and Poor's 500 Stock Price Index Futures - Week 1-5 (European-Style) | 358A | E1B-E5B | 0.25 Index points with trades at price levels greater than 5.00 | 0.25 Index points with trades at price levels greater than 10.00 |
| Wednesday Weekly Options on E-mini Standard and Poor's 500 Stock Price Index Futures - Week 1-5 (European-Style) | 358A | E1C-E5C | | |
| Thursday Weekly Options on E-mini Standard and Poor's 500 Stock Price Index Futures - Week 1-5 (European-Style) | 358A | E1D-E5D | | |
| Weekly Options on E-mini Standard and Poor's 500 Stock Price Index Futures - Week 1-4 (European-Style) | 358A | EW1-EW4 | | |
| Options on E-mini Standard and Poor's 500 Stock Price Index Futures - End-of-Month (European-Style) | 358A | EW | | |
| Options on Micro E-mini Standard and Poor's 500 Stock Price Index Futures | 353A | MES | | |
| Monday Weekly Options on Micro E-mini Standard and Poor's 500 Stock Price Index Futures – Week 1-5 (European-Style) | 353A | X1A-X5A | | |
| Tuesday Weekly Options on Micro E-mini Standard and Poor's 500 Stock Price Index Futures – Week 1-5 (European-Style) | 353A | X1B-X5B | | |
| Wednesday Weekly Options on Micro E-mini Standard and Poor's 500 Stock Price Index Futures – Week 1-5 (European-Style) | 353A | X1C-X5C | | |
| Thursday Weekly Options on Micro E-mini Standard and Poor's 500 Stock Price Index Futures – Week 1-5 (European-Style) | 353A | X1D-X5D | | |
| Weekly Options on Micro E-mini Standard and Poor's 500 Stock Price Index Futures - Week 1-4 (European-Style) | 353A | EX1-EX4 | | |
| Options on Micro E-mini Standard and Poor's 500 Stock Price Index Futures - End-of-Month (European-Style) | 353A | EX | | |

By way of background, last year the Exchange amended the minimum price increment for transactions submitted for clearing via CME ClearPort for all Options on E-mini Standard & Poor's 500 Stock Price Index Futures, Options on E-mini Nasdaq-100 Index Futures, and Options on E-mini Russell 2000 Index Futures Contracts (see CME Submission No. [22-237](#) dated July 20, 2022).

Market participants have requested additional granularity for trading on CME Globex in an effort to enhance liquidity. Given the structure of the market, the Rule Amendments will enable greater liquidity and increase activity of the Contracts. Specifically, the Rule Amendments will modify the threshold under which differing

minimum price increments are applicable with the intent to avail market participants greater opportunity for additional price discovery. Recently, the marketplace has evolved where an increasing level of market focus and volume has occurred in shorter days-to-expiry (DTE) options. The Rule Amendments are designed to accommodate customer requests for increased granularity of trading over these maturities. That is, the minimum price increment modification will accomplish the objective of increasing price discovery by allowing market participants to transact at more precise price levels for diverse option instruments of varying maturity.

Exhibit A below provides the Rule Amendments in blackline format.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Rule Amendments may have some bearing on the following Core Principles:

Availability of General Information: The Exchange will release a Special Executive Report (“SER”) regarding the Rule Amendments. The SER will also be posted on the CME Group website.

Daily Publication of Trading Information: CME will continue to publish contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contracts.

Prevention of Market Disruption: Trading in the Contracts will continue to be subject to the rules of the Exchange, which include prohibitions on manipulation, price distortion, and disruption to the cash settlement process.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the Rule Amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to the proposal.

The Exchange certifies that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A - Amendments to CME Chapter 353 and CME Chapter 358 (blackline format)

Exhibit A

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

Chapter 353A **Options on Micro E-mini Standard and Poor's 500 Stock Price Index™ Futures**

353A01. OPTIONS CHARACTERISTICS

353A01.A. Contract Months, Trading Hours, and Trading Halts

Options shall be listed for expiration on such dates and shall be scheduled for trading during such hours as may be determined by the Exchange, *provided that* there shall be no trading in options when trading is halted in the Primary Futures Contract Month pursuant to Rule 35802.I.

In accordance with Rule 35802.I. the Exchange shall determine, in its sole discretion, the futures delivery month that represents such Primary Futures Contract.

353A01.B. Trading Unit

The trading unit shall be an option to buy in the case of a call, or to sell in the case of a put, one (1) Micro E-mini S&P 500 Index futures contract (Chapter 353).

353A01.C. Minimum Fluctuations

Option prices shall be quoted in Index points. Each Index point shall represent \$5.00 per option contract.

Subject to Rule 353A01.C.1., the minimum price fluctuation shall be 0.25 Index points (equal to \$1.25 per option contract), for trades executed on CME Globex electronic trading platform, provided that trades at price levels equal to or less than ~~105.00~~ Index points may occur at price levels that are integer multiples of 0.05 Index points (equal to \$0.25 per option contract), and provided that trade may occur at a price level of 0.05 Index points irrespective of whether such trade results in the liquidation of positions for both parties to such trade. For transactions submitted for clearing via CME ClearPort, the minimum price increment shall be 0.05 Index points, regardless of the price level.

1. Option Spreads and Combinations

Any option contract that trades as a component of a spread or combination shall be traded at a price that conforms to the applicable minimum price fluctuation as set forth in this Rule, *provided that* for any option spread or combination that trades at a net premium of ~~105.00~~ Index points or less, each option contract comprised within such spread or combination may trade in price increments of 0.05 Index points.

[Remainder of Rule unchanged.]

Chapter 358A **Options on E-mini® Standard and Poor's 500 Stock** **Price Index Futures**

358A01. OPTIONS CHARACTERISTICS

358A01.A. Contract Months, Trading Hours, and Trading Halts

Options shall be listed for expiration on such dates and shall be scheduled for trading during such hours as may be determined by the Exchange, *provided that* there shall be no trading in options when trading is halted in the Primary Futures Contract Month for E-mini S&P 500 Index futures pursuant to Rule 35802.I.

In accordance with Rule 35802.I. the Exchange shall determine, in its sole discretion, the futures delivery month that represents such Primary Futures Contract.

358A01.B. Trading Unit

The trading unit shall be an option to buy in the case of a call, or to sell in the case of a put, one E-mini S&P 500 Index futures contract (Chapter 358).

358A01.C. Minimum Fluctuations

Option prices shall be quoted in Index points. Each Index point shall represent \$50.00 per option contract.

Subject to Rule 358A01.C.1., the minimum price fluctuation shall be 0.25 Index points (equal to \$12.50 per option contract), for trades executed on CME Globex electronic trading platform, provided that trades at price levels equal to or less than 105.00 Index points may occur at price levels that are integer multiples of 0.05 Index points (equal to \$2.50 per option contract), and provided that trade may occur at a price level of 0.05 Index points irrespective of whether such trade results in the liquidation of positions for both parties to such trade. For transactions submitted for clearing via CME ClearPort, the minimum price increment shall be 0.05 Index points, regardless of the price level.

1. Option Spreads and Combinations

Any option contract that trades as a component of a spread or combination shall be traded at a price that conforms to the applicable CME Globex minimum price fluctuation as set forth in this Rule, *provided that* for any option spread or combination that trades at a net premium of 105.00 Index points or less, each option contract comprised within such spread or combination may trade in price increments of 0.05 Index points. For spread and combination transactions submitted for clearing via CME ClearPort, the minimum price increment shall be 0.05 Index points, regardless of the price level.

[Remainder of Rule unchanged.]