

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

**Registered Entity Identifier Code (optional):** 21-236 (2 of 4)

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

**Filing as a:**     DCM     SEF     DCO     SDR

**Please note - only ONE choice allowed.**

**Filing Date (mm/dd/yy):** 07/19/21 **Filing Description:** Amendments to CME and CBOT Rule 524. ("Trading at Settlement ("TAS"), Basis Trade at Index Close ("BTIC) and Basis Trade at Cash Open ("TACO") Transactions") and Certain CME and CBOT Equity Index Futures Contracts Regarding BTIC Transactions, Price Assignment and Disruptive Event Procedures.

**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.



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

July 19, 2021

**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 CME and CBOT Rule 524. (“Trading at Settlement (“TAS”), Basis Trade at Index Close (“BTIC) and Basis Trade at Cash Open (“TACO”) Transactions”) and Certain CME and CBOT Equity Index Futures Contracts Regarding BTIC Transactions, Price Assignment and Disruptive Event Procedures.  
CME Submission No. 21-236 (2 of 4)**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. and The Board of Trade of the City of Chicago, Inc. (collectively, the “Exchanges”) certify to the Commodity Futures Trading Commission (“CFTC” or “Commission”) amendments to CME and CBOT Rule 524. (“Trading at Settlement (“TAS”), Basis Trade at Index Close (“BTIC) and Basis Trade at Cash Open (“TACO”) Transactions”) and certain CME and CBOT equity index futures contracts in Table 1. below regarding BTIC transactions, price assignment and disruptive event procedures (collectively, the “Rule Amendments”) effective on Sunday, August 8, 2021 for trade date Monday, August 9, 2021.

Specifically, the Rule Amendments: (1) remove language regarding disruption event handling from Rule 524.B. and insert appropriate rule language in each product chapter of the Contracts; (2) standardize the price assignment rules regarding BTIC transactions in CME and CBOT Rule 524.B.; (3) include administrative amendments to the Contracts’ BTIC transaction rules for harmonization purposes.

Table 1.

Rulebook Chapter	Contract Title
	<b>CME</b>
352	Nikkei Stock Average Futures
352B	Yen Denominated Nikkei Stock Average Futures
354	USD Denominated Ibovespa Futures
355	S&P 500 Growth Index Futures
356	S&P 500 Value Index Futures
357	S&P 500 Total Return Index Futures
357B	Adjusted Interest Rate S&P 500 Total Return Index Futures
358	E-mini Standard and Poor's 500 Stock Price Index Futures
359	E-mini Nasdaq 100 Index Futures
360	E-Mini Nasdaq Biotechnology Index Futures
362	E-mini Standard and Poor's Midcap 400 Stock Price Index Futures
364	E-mini S&P 500 ESG Index Futures
367	E-mini S&P Europe 350 ESG Index Futures

Rulebook Chapter	Contract Title
368	E-Mini S&P Smallcap 600 Index Futures
369	E-mini Standard and Poor's Select Sector Stock Index Futures
371	Yen Denominated TOPIX Index Futures
372	Adjusted Interest Rate Russell 1000® Total Return Index Futures
373	Adjusted Interest Rate Russell 2000® Total Return Index Futures
374	Adjusted Interest Rate Nasdaq-100 Total Return Index® Futures
375	Adjusted Interest Rate FTSE® 100 Total Return Declared Dividend Index Futures
383	E-mini Russell 1000 Index Futures
384	E-mini Russell 1000 Growth Index Futures
385	E-mini Russell 1000 Value Index Futures
386	E-mini USD Denominated FTSE 100 Index Futures
387	E-mini FTSE 100 Index Futures
388	E-mini FTSE China 50 Index Futures
390	E-mini FTSE Developed Europe Index Futures
391	E-mini FTSE Emerging Index Futures
392	E-mini® IPOX® 100 U.S. Index Futures
393	E-mini® Russell 2000® Index Futures
394	E-mini® Russell 2000® Growth Index Futures
395	E-mini® Russell 2000® Value Index Futures
396	Nasdaq-100 Total Return Index Futures
397	Russell 1000 Total Return Index Futures
398	Russell 2000 Total Return Index Futures
	<b>CBOT</b>
27	CBOT E-mini Dow Jones Industrial Average Index Futures (\$5 Multiplier)
30	CBOT Dow Jones US Real Estate Index Futures
31	Dow Jones Industrial Average Total Return Index Futures
33	Adjusted Interest Rate Dow Jones Industrial Average TM Total Return Index Futures

Exhibit A below provides amendments to CME and CBOT Rule 524. in blackline format. Exhibit B, provided under separate cover, provides amendments to the Contracts listed in Table 1. above in blackline format.

The Exchanges reviewed the designated contract market core principles (“DCM 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:

**Contract Not Readily Subject to Manipulation:** The specification of the Contract market and the structural market attributes are designed such that the Contracts are not readily susceptible to manipulation.

**Availability of General Information:** As required by this Core Principle, the Exchanges will publish a Special Executive Report (“SER”) to advise the marketplace of the Rule Amendments. The SER will also be available on the CME Group website.

**Daily Publication of Trading Information:** Block trade volume and pricing information will continue to be published on the Exchange’s website and via quote vendors.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchanges hereby certify that the Rule Amendments comply with the Act and regulations thereunder. There were no substantive opposing views to the Rule Amendments.

The Exchanges certify that this submission has been concurrently posted on the CME Group website at

<http://www.cmegroup.com/market-regulation/rule-filings.html>

If you require any additional information regarding this submission, please contact the undersigned at (212) 299-2200 or via email at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A – Amendments to CME and CBOT Rule 524. (blackline format)

Exhibit B – Amendments to CME Chapters 352, 352B, 354, 355, 356, 357, 357B, 358, 359, 360, 362, 364, 367, 368, 369, 371, 372, 373, 374, 375, 383, 384, 385, 386, 387, 388, 390, 391, 392, 393, 394, 395, 396, 397, 398 and CBOT Chapters 27, 30, 31, 33 (blackline format) (provided under separate cover)

## EXHIBIT A

### **CME Rulebook Chapter 5 ("Trading Qualifications and Practices")**

(additions underscored; deletions ~~overstruck~~)

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#### **524. TRADING AT SETTLEMENT ("TAS"), BASIS TRADE AT INDEX CLOSE ("BTIC") AND BASIS TRADE AT CASH OPEN ("TACO") TRANSACTIONS**

[The introduction and Section A. are unchanged.]

##### **524.B. Basis Trade at Index Close ("BTIC") Transactions**

A Basis Trade at Index Close ("BTIC") transaction is an Exchange futures transaction which is priced with reference to the closing level of such futures contract's underlying cash Index on a particular trading day (the "Basis"). The following shall govern BTIC transactions:

1. A BTIC order may be entered on Globex at any time the applicable futures contract is available for BTIC trading on Globex and during such BTIC-eligible futures contract's prescribed pre-open time period. The initiation of any BTIC order on Globex outside these time periods is prohibited.
2. Unless otherwise specified in the Table, a BTIC-eligible product and contract month may be executed as a block trade pursuant to the requirements of Rule 526, except that a BTIC block trade cannot be executed on the last day of trading in an expiring BTIC-eligible futures contract.
3. The Basis established in any BTIC transaction must be stated in admissible price increments for the applicable futures contract as set forth in the applicable product chapter. The assigned futures price corresponding to such BTIC transaction shall be the closing level of the applicable cash Index for that trading day adjusted by the Basis established in such BTIC transaction. For any BTIC-eligible futures contract, the magnitude of the Basis in a BTIC block trade must be fair and reasonable in light of factors including, but not limited to, financing rates, expected dividend income, and time remaining until the underlying futures contract expiration. A BTIC futures transaction may result in an assigned futures price outside of applicable daily price limits.

The assigned futures price is deemed final when determined by the Exchange, absent an index price correction by the index provider. If the closing level of a cash Index is corrected by the applicable cash Index provider prior to 4:00 p.m. CT on the following Business Day, the assigned futures price corresponding to such BTIC transaction shall be amended using the corrected closing level of the applicable cash Index adjusted by the Basis established in such BTIC transaction, and the assigned futures price shall be deemed final at that time.

- ~~4. In the event of a disruption in the primary listing exchange for a given cash Index (or a disruption in the applicable national bourse or market in the case of a given non-US cash Index), all pending and executed BTIC transactions in the corresponding futures contract shall be cancelled by the Exchange. Such disruption shall be declared by the Exchange in its sole discretion, and may include, without limitation, an unscheduled early close of the primary listing exchange (or applicable national bourse or market) or a NYSE Rule 80B trading halt declared in response to a Level 3 (20%) decline in the S&P 500 Index that necessitates an early close of the primary listing exchange.~~
5. Additional product-specific BTIC provisions requirements, including those relating to disruptions in the publication of an index, are set forth in the applicable product chapter in the Rulebook.

[The remainder of the Rule is unchanged.]

**CBOT Rulebook**  
**Chapter 5**  
**(“Trading Qualifications and Practices”)**

(Additions are underscored, deletions are ~~overstruck~~)

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**524. TRADING AT SETTLEMENT (“TAS”), BASIS TRADE AT INDEX CLOSE (“BTIC”) AND BASIS TRADE AT CASH OPEN (“TACO”) TRANSACTIONS**

[The introduction and Section A. are unchanged.]

**524.B. Basis Trade at Index Close (“BTIC”) Transactions**

A Basis Trade at Index Close (“BTIC”) transaction is an Exchange futures transaction which is priced with reference to the closing level of such futures contract’s underlying cash Index on a particular trading day (the “Basis”). The following shall govern BTIC transactions:

1. A BTIC order may be entered on Globex at any time the applicable futures contract is available for BTIC trading on Globex and during such BTIC-eligible futures contract’s prescribed pre-open time period. The initiation of any BTIC order on Globex outside these time periods is prohibited.
2. Unless otherwise specified in the Table, a BTIC-eligible product and contract month may be executed as a block trade pursuant to the requirements of Rule 526, except that a BTIC block trade cannot be executed on the last day of trading in an expiring BTIC-eligible futures contract.
3. The Basis established in any BTIC transaction must be stated in admissible price increments for the applicable futures contract as set forth in the applicable product chapter. The assigned futures price corresponding to such BTIC transaction shall be the closing level of the applicable cash Index for that trading day adjusted by the Basis established in such BTIC transaction. For any BTIC-eligible futures contract, the magnitude of the Basis in a BTIC block trade must be fair and reasonable in light of factors including, but not limited to, financing rates, expected dividend income, and time remaining until the underlying futures contract expiration. A BTIC futures transaction may result in an assigned futures price outside of applicable daily price limits.

The assigned futures price is deemed final when determined by the Exchange, absent an index price correction by the index provider. If the closing level of a cash Index is corrected by the applicable cash Index provider prior to 4:00 p.m. CT on the following Business Day, the assigned futures price corresponding to such BTIC transaction shall be amended using the corrected closing level of the applicable cash Index adjusted by the Basis established in such BTIC transaction, and the assigned futures price shall be deemed final at that time.

4. ~~In the event of a disruption in the primary listing exchange for a given cash Index (or a disruption in the applicable national bourse or market in the case of a given non-US cash Index), all pending and executed BTIC transactions in the corresponding futures contract shall be cancelled by the Exchange. Such disruption shall be declared by the Exchange in its sole discretion, and may include, without limitation, an unscheduled early close of the primary listing exchange (or applicable national bourse or market) or a NYSE Rule 80B trading halt declared in response to a Level 3 (20%) decline in the S&P 500 Index that necessitates an early close of the primary listing exchange.~~
5. Additional product-specific BTIC provisions requirements, including those relating to disruptions in the publication of an index, are set forth in the applicable product chapter in the Rulebook.

[The remainder of the Rule is unchanged.]

**EXHIBIT B**

**Amendments to CME and CBOT Contracts**

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

(attached under separate cover)