

## Chapter 22 Event Contract Swaps

### **2200. SCOPE OF CHAPTER**

Event Contract Swaps (the "Contracts" or "Contract") are cash-settled, European style, premium style, binary options whose moneyness depends on the occurrence or non-occurrence of an Event on specified dates as determined by the Exchange.

The following Rules set forth the terms of Event Contract Swaps. In addition to the Rules of this chapter, the Contracts shall be subject to the general rules of the Exchange as applicable, including but not limited to CME Chapter 8-F provisions governing event swap OTC Derivatives.

Unless otherwise specified, times referenced herein shall refer to and indicate Eastern Time.

### **2201. DEFINITIONS**

**"Expiration"** means the time on the Expiration Date established by these Rules at which a Contract expires, and with reference to which the Settlement Value of that Contract is determined.

**"Expiration Date"** means the day established by these Rules on which the Settlement Value of each Contract is determined.

**"In-the-money" or "ITM"** means the condition in which the Contract's specified Event has occurred as of Contract settlement.

**"Settlement Value"** is the amount paid to the holder of the ITM Contract at Expiration.

**"Event"** means an event as established in the Event Contract Swaps Table.

**"Event Contract Swaps Table"** means the table describing the terms of the Contracts and which is available at the link embedded in Rule 2204.

### **2202. CHARACTERISTICS**

#### **2202.A. Trading Schedule**

The Contracts shall be listed for Expiration on such dates and shall be scheduled for trading during such hours as may be determined by the Exchange.

#### **2202.B. Trading Unit**

Each Contract shall be worth the Settlement Value.

#### **2202.C. Price Quotation and Increments**

Prices shall be quoted in U.S. dollars and cents per Contract. The minimum price increment for each Contract shall be equal to \$0.01.

#### **2202.D. [Reserved]**

#### **2202.E. Termination of Trading**

Termination of trading and any relevant Contingency shall be established by the Exchange as set forth in the Event Contract Swaps Table, on the Expiration Date for which the Contract was listed.

#### **2202.F. Position Limits, Exemptions, Position Accountability and Reportable Levels**

The applicable position limits are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**2202.G. Settlement Value**

The Settlement Value of each Contract shall be determined by the Exchange, as set forth in the Event Contract Swaps Table, based on the occurrence or non-occurrence of an Event by Expiration.

If the Event is deemed to have occurred as determined by the Exchange, the Contract is deemed to have resolved to "Yes", otherwise the Contract shall be deemed to have resolved to "No."

Once final settlement has occurred for the Contract, the ITM position holder of the Contract shall receive the full Settlement Value of the Contract.

**2202.H. Final Settlement**

Following the determination of the Settlement Value, the Clearing House shall effectuate the Final Settlement in accordance with its settlement variation procedures. If the Expiration Date of a Contract occurs on a Saturday, Sunday or Exchange holiday, the Clearing House shall effectuate Final Settlement on the next Exchange Business Day.

**2203.****TRADING HALTS AND CONTINGENCIES****2203.A. Non-Occurred, Delayed, Rescheduled, or Canceled Events**

If an Event does not occur, is delayed, is rescheduled, or is canceled prior to Termination of Trading, Final Settlement determination shall be deferred until the Contingency, as set forth in the Event Contract Swaps Table. If the Event has still not resolved as of the Contingency Expiration, occurrence determination shall determine Final Settlement, as set forth in the Event Contract Swaps Table.

Notwithstanding the above, the Exchange in its sole discretion and authority may establish a settlement price that best reflects the true market valuation at the time of expiration based on all available information.

**2203.B. [Reserved]****2203.C. Discretion to Refrain from Listing Contracts**

The Exchange may, in its discretion, temporarily refrain from the listing of any Contract due to the unavailability of the Event upon which the Contract is based, or any other condition the Exchange determines may be detrimental to the listing of the Contract.

**2204.****EVENT CONTRACT SWAPS TABLE**

Available [HERE](#).

**2205.****TRADING RESTRICTIONS**

Any Person who is subject to applicable laws, regulations, policies, or contractual obligations that restrict that Person from trading, either directly or indirectly, in the Contracts is not permitted to enter into any trade, either directly or indirectly, in such Contracts.

Trading in Event Contract Swaps shall be limited to the United States and those foreign jurisdictions specified [HERE](#).