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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105899; File No. SR-CME-2026-001]

Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Order Approving a Proposed Rule Change Relating to Amendments to Chicago Mercantile Exchange Inc.'s Rules Governing Performance Bond Requirements: Account Holder Level

July 13, 2026.

I. Introduction

On June 1, 2026, the Chicago Mercantile Exchange Inc. ("CME" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act" or "Act")[1] and Rule 19b-4 thereunder,[2] a proposed rule change to amend CME Rule 930 in Chapter 9 of the CME Rulebook relating to customer performance bond requirements for security futures contracts that CME intends to list for trading.[3]

The proposed rule change was published for comment in the Federal Register on June 8, 2026.[4] The Commission received no comment letters in response to the Notice. This order approves the proposed rule change.

II. Description of the Proposed Rule Change

A. Background

As described more fully in the Notice, on April 10, 2026, CME, in its capacity as a designated contract market, submitted a 1-N notice filing to the Commission to register as a national securities exchange for security futures products pursuant to the notice

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1 15 USC 78s(b)(1).

2 17 CFR 240.19b-4.

3 See Exchange Act Release No. 105607 (Jun. 3, 2026), 91 FR 34693 (Jun. 8, 2026) ("Notice").

4 See Notice. The public comment period closed on June 29, 2026.

registration provisions of Section 6(g) of the Exchange Act.[5] On April 29, 2026, the Commission issued a notice acknowledging receipt of such written notice and effectiveness of CME's notice registration as a national securities exchange contemporaneously with CME's submission of the 1-N notice on April 10, 2026.[6]

CME submitted the proposed rule change in connection with its plans to list cash-settled single stock futures, to establish customer-level margin requirements for security futures that are consistent with current Commission (and Commodity Futures Trading Commission ("CFTC")) requirements.[7]

B. Proposed Rule Change

CME proposes revisions to Rule 930 (Performance Bond Requirements; Account Holder Level) to establish procedures relating to the determination and administration of customer margin requirements for security futures, as well as to exclude qualifying security futures dealers from those requirements and related regulatory requirements. The proposed additions to Rule 930 largely reinstate the margin provisions for security futures that CME previously added to Rule 930, with some modifications to align with the Commission's (and CFTC's) current margin requirements for security futures and some non-substantive clarification changes to the prior text.[8]

1. Performance Bond Rates

CME proposed that proposed Rule 930.B.2.a. would provide that customer performance bond rates shall be established at levels no lower than those prescribed by SEC Rule 242.403 and CFTC Regulation 41.45 or any successor regulations. Proposed

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5 15 U.S.C. 78f(g). See Notice, 91 FR at 34694.

6 See Acknowledgement of Receipt of Notice of Registration as a National Securities Exchange Pursuant to Section 6(g) of the Securities Exchange Act of 1934 by CME, Exchange Act Release No. 105336 (Apr. 29, 2026). See Notice, 91 FR at 34694.

7 See Notice, 91 FR at 34694.

8 See Notice, 91 FR at 34694. See also Exhibit 5 to the filing showing the proposed rule text changes.

Rule 930.B.2.c. elaborates by establishing the requisite performance bond level for each long or short position in a security future at 15% of the current market value of such security futures contract, or such other requirement as may be established by the SEC and CFTC for purposes of SEC Rule 242.403(b)(1) and CFTC Regulation 41.45(b)(1). Proposed Rule 930.B.2.d. sets out exceptions to that 15% requirement as permitted under SEC Rule 242.403(b)(2) and CFTC Regulation 41.45(b)(2), which establish that a self-regulatory authority may set the required initial or maintenance performance bond level for offsetting positions involving security futures and related positions at a level lower than the level that would apply if performance bond requirements for such positions were calculated separately based on the aforementioned 15% requirement, provided the rules establishing such lower performance bond levels meet the criteria set forth in Section 7(c)(2)(B) of the Act.[9]

Proposed Rule 930.B.2.d. includes a table that sets out in detail the performance bond offsets available with respect to particular combinations of security futures and related positions. CME stated that the offset strategies in the table align with those the SEC and CFTC have acknowledged are permissible, as set forth in their joint 2020 release on customer margin rules relating to security futures.[10]

2. Exclusions from Margin Requirements

Non-customers. Proposed Rule 930.B.2.b. would identify "exempted persons" and "market makers" as non-customers for the purpose of the rule amendments. Those non-customers would be exempt from the application of the rule's provisions. For the

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9 That section requires that: (I) the margin requirements for a security future product be consistent with the margin requirements for comparable option contracts traded on any exchange registered pursuant to [Section 6(a) of the Act]; and (II) initial and maintenance margin levels for a security future product not be lower than the lowest level of margin, exclusive of premium, required for any comparable option contract traded on any exchange registered pursuant to [Section 6(a) of the Act], other than an option on a security future. See Notice, 91 FR at 34694.

10 See Notice, 91 FR at 34694.

purposes of CME's rulebook, CME stated that the term "exempted person" has the definition specifically referenced in applicable SEC and CFTC regulations.[11]

Market Maker Exclusion. SEC Rule 242.400(c)(2)(v) and CFTC Regulation 41.42(c)(2)(v) permit exchanges to adopt rules containing specified requirements for security futures dealers, on the basis of which the financial relations between security futures intermediaries, on the one hand, and qualifying security futures dealers, on the other, are excluded from the customer performance bond requirements for security futures. Rules so adopted by an exchange must meet the criteria set forth in Section 7(c)(2)(B) of the Act. CME proposes a market maker exclusion in its proposed Rule 930.B.2.b. consistent with the requirements of those provisions. To qualify for the market maker exclusion, a person must be a member of CME and registered as a dealer with the SEC under Section 15(b) of the Act.[12]

A proposed market maker must also hold itself out as willing to buy and sell security futures for its own account on a regular or continuous basis. As described more fully in the Notice, the proposed market maker exclusion provides three alternative ways for a person to satisfy this requirement.[13] Under the first alternative CME proposes, the market maker must (1) provide continuous two-sided quotations throughout the trading day for all delivery months of security futures contracts representing a meaningful proportion of the total trading volume of security futures contracts on the Exchange, subject to relaxation during unusual market conditions as determined by CME (such as a fast market in either a security futures contract or a security underlying a security futures contract) at which times the market maker must use its best efforts to quote continuously and competitively; and (2) when providing quotations, quote with a maximum bid/ask

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11 17 CFR 41.43(a)(9); 17 CFR 242.401(a)(9).

12 See Notice, 91 FR at 34694-36945.

13 See Notice, 91 FR at 34695 (describing the three proposed alternatives in detail).

spread of no more than the greater of $0.20 or 150% of the bid/ask spread in the primary market for the security underlying each security futures contract. Beginning on the 181st calendar day after the commencement of trading of security futures contracts on the Exchange, a "meaningful proportion of the total trading volume of security futures contracts on the Exchange from time to time" shall mean a minimum of 20% of such trading volume.

Under the second alternative, CME proposed that the market maker must (1) respond to at least 75% of the requests for quotation for all delivery months of security futures contracts representing a meaningful proportion of the total trading volume of security futures contracts on the Exchange, subject to relaxation during unusual market conditions as determined by the CME (such as a fast market in either a security futures contract or a security underlying a security futures contract) at which times the Market Maker must use its best efforts to quote competitively; and (2) when responding to requests for quotation, quote within five seconds with a maximum bid/ask spread of no more than the greater of $0.20 or 150% of the bid/ask spread in the primary market for the security underlying each security futures contract. As with the first alternative, beginning on the 181st calendar day after the commencement of trading of security futures contracts on the Exchange, a "meaningful proportion of the total trading volume of security futures contracts on the Exchange from time to time" shall mean a minimum of 20% of such trading volume.

Under the third alternative, CME proposes that the market maker is assigned to a group of security futures contracts listed on the Exchange that is either unlimited in nature ("Unlimited Assignment") or is assigned to no more than 20% of the security futures contracts listed on the Exchange ("Limited Assignment"). In addition, CME states that this alternative provides that: (a) At least 75% of the market maker's total trading activity in Exchange security futures contracts is in its assigned security futures contracts, measured on a quarterly basis; (b) during at least 50% of the trading day, the market maker has bids or offers in the market that are at or near the best market, except in unusual market conditions (such as a fast market in either a security futures contract or a security underlying a security futures contract), with respect to at least 25% (in the case of an Unlimited Assignment) or at least one (in the case of a Limited Assignment) of its assigned security futures contracts; and (c) the first two requirements are satisfied on at least 90% (in the case of an Unlimited Assignment) or 80% (in the case of a Limited Assignment, or in the case of either an Unlimited or Limited Assignment but where the Exchange is listing four or fewer security futures contracts) of the trading days in each calendar quarter.[14]

Under the proposed revisions, market makers are required to maintain books and records including trading statements and other financial records that would evidence compliance with these standards. CME stated that this recordkeeping requirement includes, without limitation, such trading statements and other financial records as may be necessary specifically to verify compliance. CME stated that failure on the part of a market maker to comply with these standards may result in revocation of security futures dealer status or other sanctions provided under CME Rules.[15]

3. Performance Bond Administration

Proposed Rule 930.C.2.a identifies the types of performance bonds that a security futures intermediary may accept from a customer. Consistent with SEC Rule 242.404(b) and CFTC Regulation 41.46(b), CME proposes that acceptable types of performance bonds are limited to: deposits of cash, margin securities (subject to specified restrictions), exempted securities, any other assets permitted under Regulation T of the Board of Governors of the Federal Reserve System ("Federal Reserve Board") to satisfy a

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14 Id.

15 Id.

performance bond deficiency in a securities margin account, and any combination of the foregoing. Proposed Rule 930.C.2.a. further provides that the different types of eligible performance bonds are to be valued in accordance with the applicable principles set forth in SEC Rules 242.404(c) and 242.404(e) and CFTC Regulations 41.46(c) and 41.46(e).

CME also proposed Rule 930.C.2.b. which provides that a security futures intermediary shall not accept as performance bond from any customer securities that have been issued by that customer or an affiliate of that customer unless the intermediary files a petition with and receives permission from the Exchange for such purpose. Proposed Rule 930.C.2.c. provides that all assets deposited by a customer to meet performance bond requirements must be and remain unencumbered by third-party claims against that customer.[16]

Proposed Rule 930.K.2. requires a security futures intermediary to take the deduction required with respect to an underfunded account in computing its net capital under applicable SEC and CFTC Regulations if the customer has failed to comply with a required performance bond call within a reasonable period of time. CME stated that this requirement is consistent with SEC Rule 242.406(a) and CFTC Regulation 41.48(a). Further, proposed Rule 930.K.2. requires the liquidation of an account where there is a liquidating deficit, in accordance with SEC Rule 242.406(b) and CFTC Regulation 41.48(b).[17]

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to a national securities exchange.[18] As discussed in more detail

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16 See Notice, 91 FR at 34695.

17 Id.

18 In approving this rule change, the Commission has considered the rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

below, the Commission finds that the proposed rule change is consistent with, Section 6(b)(5) of the Act[19] which requires, among other things, that the rules of a national securities exchange be designed to promote just and equitable principles of trade and, in general, to protect investors and the public interest.

Further, as discussed in more detail below, the Commission finds that the proposed rule change is consistent with Section 7(c)(2)(B) of the Exchange Act.[20] Section 7(c)(2)(B) of the Exchange Act requires, among other things, that the levels of margin (initial and maintenance) for security futures preserve the financial integrity of markets trading security futures, prevent systemic risk, be consistent with the margin requirements for comparable exchange-traded options, and be no lower than the lowest level of margin, exclusive of premium, required for any comparable exchange-traded option.[21] The CFTC and SEC (together the "Commissions") have jointly adopted customer margin requirements for security futures pursuant to authority delegated to them by the Federal Reserve Board under Section7(c)(2)(B) of the Exchange Act.[22]

The proposed rule change is consistent with the customer margin rules for security futures that the Commissions jointly adopted.[23] In particular, CME's proposed Rule 930.B.2.c. provides that for a security future held in a futures account, the minimum margin level for each long or short position in a security future shall not be less than 15%

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19 15 U.S.C. 78f(b)(5).

20 15 U.S.C. 78g(c)(2)(B). This also is a requirement for the listing standards for security futures products under Section 6(h)(3)(L) of the Exchange Act. 15 U.S.C. 78f(h)(3)(L). This section of the Exchange Act requires that the margin requirements for a security futures product comply with the regulations prescribed pursuant to section 7(c)(2)(B) of the Exchange Act. *Id*.

21 15 U.S.C. 78g(c)(2)(B).

22 See SEC and CFTC, Customer Margin Rules Relating to Security Futures; Joint Final Rule, Exchange Act Release No. 46292 (Aug. 1, 2002), 67 FR 53146 (Aug. 14, 2002) ("2002 Security Futures Margin Release"); SEC and CFTC, Customer Margin Rules Relating to Security Futures; Joint Final Rule, Exchange Act Release No. 90244 (Oct. 22, 2020), 85 FR 75112 (Nov. 24, 2020) ("2020 Security Futures Margin Release").

23 See 2020 Security Futures Margin Release.

of the current market value of the relevant security futures contract.[24] This minimum margin requirement is consistent with the 15% margin requirement the Commissions adopted in the 2020 Security Futures Margin Release.[25] The offsets CME proposed in proposed CME Rule 930.B.2.d. also are consistent with the strategy-based offsets permitted for comparable offset positions involving exchange-traded options and published in the 2020 Security Futures Margin Release.[26]

In addition, CME proposed a market maker exclusion from the scope of the proposed security futures margin rule.[27] The Commissions' joint security futures margin rules do not apply to a member of a national securities exchange or national securities association that is registered with the exchange as a "security futures dealer" pursuant to exchange rules that must meet several criteria, including a requirement that a security futures dealer be required "to hold itself out as being willing to buy and sell security futures for its own account on a regular or continuous basis."[28] To meet the market maker exclusion, CME proposed, among other things, that a person must be a member of CME and registered as a dealer with the SEC under Section 15(b) of the Act, and meet one of the three alternatives in proposed Rule 930.B.2.b. to satisfy the requirement it holds itself out as willing to buy and sell security futures for its own account on a regular or continuous basis.[29] These requirements are consistent with joint security future margin rules the Commission adopted[30] in that they require, among other things, that a CME

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24 See, e.g., 17 CFR 242.403(b)(1) and 17 CFR 41.45(b)(1) (prescribing 15% margin requirement for security futures).

25 See 2020 Security Futures Margin Release.

26 See 2020 Security Futures Margin Release, 85 FR at 75123-75125 (publishing offset table) and 17 CFR 242.403(b)(2) and 17 CFR 41.45(b)(2). The strategy-based offset table is designed to permit offsets that are consistent with offsets recognized for comparable exchange-traded options under the securities self-regulatory organization margin rules. 2020 Security Futures Margin Release, 85 FR at 75123.

27 See Notice, 91 FR 34694-35695.

28 See 17 CFR 242.400(c)(2)(v) and 17 CFR 41.42(c)(2)(v).

29 See Notice, 91 FR 34695.

30 See 2020 Security Futures Margin Release and 2002 Security Futures Margin Release.

member satisfy of one of the three proposed alternatives[31] to comply with the requirement that a market maker hold itself out as willing to buy and sell security futures for its own account on a regular or continuous basis.[32]

The proposed rule change establishes margin requirements for security futures traded on CME that would not be lower than the requirements under SEC and CFTC regulations or any successor regulations.[33] This requirement will ensure that margin requirements for security futures traded on CME under CME's proposed margin rules remain consistent with the Commissions' joint security futures margin rules and with Section 7(c)(2)(B) under the Exchange Act.[34] In addition, the 15% margin requirement will ensure that margin levels for security futures are set a sufficiently prudent level at the account level for customers of security futures intermediaries that trade security futures on CME.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Exchange Act,[35] that the proposed rule change (SR-CME-2026-001) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[36]

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31 CME proposed three specific alternatives that a market maker could meet to satisfy the condition that a market maker must hold itself out as willing to buy and sell security futures for its own account on a regular or continuous basis. See Notice, 91 FR 34695 (describing the three alternatives).

32 See 2002 Security Futures Margin Release, 67 FR at 53153. In the 2002 Security Futures Margin Release, the Commissions stated that they do not believe that registration with the SEC or CFTC is, by itself, sufficient to show that a market participant is holding itself out as willing to buy and sell security futures. However, the Commissions stated that they believe that there are a number of different ways that an exchange member could satisfy this condition. One alternative the Commissions provided was that the exchange member could be subject to rules that impose on it an affirmative obligation to quote on a regular or continuous basis in security futures. Id.

33 See proposed CME Rule 930.B.2.c.

34 See 2020 Security Futures Margin Release and 2002 Security Futures Margin Release. See also 15 U.S.C. 78f(h)(3)(L).

35 15 U.S.C. 78s(b)(2).

36 17 CFR 200.30-3(a)(12).

Sherry R. Haywood,

Assistant Secretary.

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