

All submissions should refer to file number SR–NasdaqTX–2026–025. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–NasdaqTX–2026–025 and should be submitted on or before August 5, 2026.

V. Accelerated Approval of the Proposed Rule Change, As Modified by Amendment No. 1

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 1, prior to the thirtieth day after the date of publication of notice of the filing of Amendment No. 1 in the **Federal Register**. Amendment No. 1 sets forth additional support and clarifying details regarding the proposal. These changes (1) provide additional statutory support for the proposal and (2) make other technical and non-substantive changes for clarity and readability. The changes and additional discussion in Amendment No. 1 assist the Commission in evaluating the proposal and determining that it is consistent with the Act. Amendment No. 1 does not alter any substantive provisions of the proposed rule change, or raise any regulatory issues substantially different from what is set forth in the Notice, which was subject to public comment. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,²⁵ to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

VI. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²⁶ that the proposed rule change (SR–NasdaqTX–2026–025), as modified by Amendment No. 1, be and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁷

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–105882; File No. S7–2026–04]

Order Under Section 36 of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 6h–1(d) Thereunder Granting Conditional Exemptive Relief to the Chicago Mercantile Exchange Inc. From the Opening Price Settlement Requirements of Rule 6h–1(b) Under the Exchange Act for Certain Cash-Settled Security Futures

July 10, 2026.

I. Introduction

On July 25, 2025, the Chicago Mercantile Exchange Inc. (“CME”) submitted a request for exemptive relief pursuant to section 36 of the Exchange Act and Rule 6h–1(d) thereunder¹ from the requirements of Rule 6h–1(b) under the Exchange Act² to permit the final settlement price of certain cash-settled security futures to reflect the closing price of the underlying security.³ On February 10, 2026, the Securities and Exchange Commission (the “Commission” or “SEC”) published a notice of this application for an exemption to solicit comments from interested persons.⁴

CME seeks to list and trade cash-settled security futures on certain individual securities.⁵ In addition to the listing standards CME originally established for single stock security futures,⁶ CME seeks to limit the listing and trading of cash-settled security futures to an underlying security that (1) has an outstanding market capitalization of \$100 billion or greater, (2) has an

estimated deliverable supply⁷ of greater than 20 million shares, and (3) a minimum average daily value of transactions (“ADVT”) of \$450 million over the prior six months⁸ (“Proposed Cash-Settled Products”).⁹ The new listing standards would provide for the Proposed Cash-Settled Products to settle at expiration based on the closing prices of the underlying securities.¹⁰ Cash settlement at expiration based on the closing prices of the underlying securities is not permitted by Rule 6h–1(b) of the Exchange Act. Therefore, CME requested that the Commission grant an exemption from Rule 6h–1(b) under the Exchange Act.¹¹

For the reasons discussed below, the Commission has determined it is appropriate in the public interest and consistent with the protection of investors to grant conditional exemptive relief, pursuant to its authority under section 36(a)(1) of the Exchange Act and Rule 6h–1(d) thereunder,¹² to CME from the opening price settlement requirements of Rule 6h–1(b) under the Exchange Act.

II. Background

The Commodity Futures Modernization Act of 2000¹³ (“CFMA”) authorizes the trading of futures on individual stocks and narrow-based security indexes (collectively, “security futures”) and any put, call, straddle, option, or privilege on any security future (collectively with security

⁷ See *infra* note 29.

⁸ An underlying security that has been trading for less than six months must have a minimum ADVT of \$1 billion over the prior month.

⁹ See Notice and *infra* sections III and IV for additional details regarding the Proposed Cash-Settled Products.

¹⁰ Cash-settled derivatives contracts such as security futures must determine a settlement price on expiration date that is based on the underlying product of the derivatives contract on expiration date. Cash-settled derivatives products' final settlement prices on the expiration date can be based on different reference prices for the underlying security, including: (1) the opening price (“A.M. Settlement”) or (2) the closing price (“P.M. Settlement” or “P.M. Settled”) of the underlying security.

¹¹ CME is also seeking an exemption from the Commodity Futures Trading Commission (“CFTC”) from a corresponding requirement under CFTC regulation. See CME Exemption Request at 1.

¹² 15 U.S.C. 78mm(a)(1).

¹³ Pub. L. 106–554, Appendix E, 114 Stat. 2763.

¹⁴ See section 3(a)(55) of the Exchange Act, 15 U.S.C. 78c(a)(55) (defining security future as “a contract of sale for future delivery of a single security or of a narrow-based security index, including any interest therein or based on the value thereof, except an exempted security under Section 3(a)(12) of this title 5 as in effect on the date of the enactment of the Futures Trading Act of 1982 (other than any municipal security as defined in Section 3(a)(29) as in effect on the date of the enactment of the Futures Trading Act of 1982)”).

²⁷ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78mm; 17 CFR 240.6h–1(d).

² 17 CFR 240.6h–1(b).

³ Letter from Jonathan Marcus, Senior Managing Director and General Counsel, CME Group Inc., dated July 25, 2025 (“CME Exemption Request”) at 1, available at <https://www.sec.gov/files/rules/exorders/2026/34-104786.pdf> in the appendix to the document.

⁴ See Securities Exchange Act Release No. 104786 (Feb. 10, 2026), 91 FR 6681 (Feb. 12, 2026) (“Notice”).

⁵ See CME Exemption Request at 1.

⁶ CME previously listed and traded security futures and ceased offering security futures for trading in March 2011.

²⁵ 15 U.S.C. 78s(b)(2).

²⁶ *Id.*

futures, “security futures products”).¹⁵ The CFMA defines security futures as securities under the Exchange Act¹⁶ and contracts of sale for future delivery under the Commodity Exchange Act (“CEA”).¹⁷ Accordingly, the regulatory framework established by the CFMA for the markets and intermediaries trading security futures products provides the SEC and the CFTC with joint jurisdiction.

Shortly after the CFMA was enacted, the SEC and CFTC jointly adopted Rule 6h–1 and CFTC Regulation 41.25(c) to establish an A.M. Settlement standard for cash-settled security futures that had become common for index futures and index options.¹⁸ Rule 6h–1 states that the final settlement price of a “cash-settled” security futures product must fairly reflect the opening price of the underlying security or securities.¹⁹ As discussed in the Notice, this rule was established in response to concerns with cash-settled index derivatives that were P.M. Settled.²⁰ At the time, there were no single stock futures products; single stock options were physically settled using P.M. Settlement, as they are generally done today.²¹

¹⁵ See section 3(a)(56) of the Exchange Act, 15 U.S.C. 78c(a)(56) (defining “security futures product” as “a security future or any put, call, straddle, option, or privilege on any security future”).

¹⁶ See section 3(a)(10) of the Exchange Act, 15 U.S.C. 78c(a)(10).

¹⁷ See section 1a(44) of the CEA, 7 U.S.C. 1a(44) (defining “security future”).

¹⁸ See 17 CFR 240.6h–1(b)(1) and 17 CFR 41.25(c); see also Securities Exchange Act Release No. 45956 (May 17, 2002), 67 FR 36740 (May 24, 2002) (“Rule 6h–1 Joint Adopting Release”).

¹⁹ 17 CFR 240.6h–1(b)(1).

²⁰ See Rule 6h–1 Joint Adopting Release, 66 FR at 36741–42.

²¹ The Commission has approved cash settlement for two types of single security options, in each case recognizing several factors that mitigated manipulation concerns with these products: 1) binary options on certain single stocks (“BYRDS”); and 2) Flexible Exchange (“FLEX”) options on certain exchange traded products such as exchange traded funds (“ETFs”). See, e.g., Securities Exchange Act Release Nos. 56251 (Aug. 14, 2007), 72 FR 46523 (Aug. 20, 2007) (SR-Amex-2004–27) (Order approving listing of Fixed Return Options, later known as “BYRDS”); 88131 (Feb. 5, 2020), 85 FR 7806 (Feb. 11, 2020) (SR-NYSEAMER-2019–38) (Order approving certain FLEX options to be cash-settled). Section 6(h)(3)(C) of the Exchange Act states that listing standards for security futures shall be no less restrictive than comparable listing standards for options traded on a national securities exchange. 15 U.S.C. 78f(h)(3)(C). Section 6(h)(3)(H) of the Exchange Act states that listing standards for security futures shall “require that trading in the security futures product not be readily susceptible to manipulation of the price of such security futures product, nor to causing or being used in the manipulation of the price of any underlying security, option on such security, or option on a group or index including such securities.” 15 U.S.C. 78f(h)(3)(H).

III. CME Exemption Request

The CME Exemption Request states that the historic concern around thin liquidity at the close of the equity securities markets is largely moot given the characteristics of today’s markets for those securities.²² CME states that the liquidity characteristics of today’s cash equity markets, as well as the current use of the closing price for final settlement of cash-settled index options and physically-settled options on individual stock, mitigate the concerns regarding volatility at the close and manipulation, and support CME’s proposed use of the official closing prices for securities underlying the Proposed Cash-Settled Products.²³ In support of its position, CME provided comparisons of trading volume at the market close versus the market open.²⁴

In addition, CME states that the listing standards for cash-settled futures on individual equity securities described in the CME Exemption Request ensure substantial protection from manipulation because they require a highly liquid underlying market for any such contracts CME will list for trading.²⁵ CME states that the initial listing standards would require an underlying security to exceed 20 million shares in estimated deliverable supply, have a minimum market capitalization of at least \$20 billion, and have a minimum ADTV of \$100 million over the prior six months.²⁶ CME further states that it will review the underlying securities on a quarterly basis and apply maintenance standards under which an underlying security must maintain over 20 million shares in estimated deliverable supply, a minimum market capitalization of at least \$10 billion, and an ADVT of \$100 million for the prior calendar quarter.²⁷

²² See CME Exemption Request at 4.

²³ See *id.* at 5.

²⁴ *Id.* at 4–8.

²⁵ *Id.* at 9–10. Any listing standards established by CME must be filed with the Commission under Exchange Act section 19(b)(7).

²⁶ *Id.* at 1.

²⁷ *Id.* at 1–2. An underlying security that has been listed for trading for less than a quarter must have a minimum of \$1 billion ADVT over the period traded during the calendar quarter. *Id.* As discussed below, CME subsequently submitted a letter in response to comments received on the Notice. In the response letter, CME proposed augmenting some of these standards. Specifically, for initial listing standards: 1) minimum market capitalization was increased from \$20 billion to \$100 billion; and 2) minimum ADVT was increased from \$100 million to \$450 million over the prior six months. For maintenance standards: 1) minimum market capitalization was increased from \$10 billion to \$50 billion; and 2) minimum ADVT was increased from \$100 million to \$200 million over the prior calendar quarter. See letter from Jonathan Marcus, Senior Managing Director and General Counsel, CME

CME also states that position limits will provide additional protection against manipulation.²⁸ In particular, CME states that it will establish speculative position limits for all cash-settled single equity security futures it lists, as required by and consistent with CFTC Rule 41.25(b)(3) and the CFTC’s guidance in Appendix A to Subpart C of Part 41—Guidance on and Acceptable Practices for Position Limits and Position Accountability for Security Futures Products.²⁹ Cash-Settled Single Stock Security Futures limits will be set no greater than the equivalent of 12.5% of the estimated deliverable supply of the underlying security for securities exceeding 20 million shares in estimated deliverable supply. Limits will be effective during the last three trading days of an expiring contract month.³⁰

CME also states that it has rules prohibiting market participants from engaging in manipulation of the security futures or the underlying cash market and disciplinary rules to enforce such prohibition.³¹ Finally, CME states that trading activity in the Proposed Cash-Settled Products will be subject to monitoring and surveillance by CME Group Inc.’s Market Regulation Department.³²

IV. Discussion of Conditional Exemptive Relief From Rule 6h–1(b) Pursuant to Section 36 of the Exchange Act and Rule 6h–1(d) Thereunder and Comments Received

Section 36 of the Exchange Act authorizes the Commission, by rule, regulation, or order, to exempt, conditionally or unconditionally, any person, security, or transaction, or any class or classes of persons, securities, or transactions, from any provisions of the

Group Inc., dated June 9, 2026 (“CME Response Letter”) at 4.

²⁸ See *id.* at 10.

²⁹ *Id.* CFTC Rule 41.25 establishes position limits for security futures on a single equity security, including ETFs. See 17 CFR 41.25. For any equity security with an estimated deliverable supply of greater than 20 million shares, Rule 41.25 permits a designated contract market (“DCM”) to adopt, if appropriate considering the liquidity and trading in the underlying security, a position limit as high as 12.5% of the estimated deliverable supply of the underlying security. See 17 CFR 41.25(b)(i)(A). For single equity securities where the six-month total trading volume in the underlying exceeds 2.5 billion shares and there are more than 40 million shares of estimated deliverable supply, a DCM is permitted to adopt a position accountability rule instead of a position limit. See 17 CFR 41.25(b)(i)(B). As discussed below, CME subsequently stated it intends to initially set position limits at 200,000 contracts. See *infra* note 51.

³⁰ See CME Exemption Request at 10.

³¹ *Id.*

³² *Id.*

Exchange Act, or any rule or regulation thereunder, to the extent that such exemption is necessary or appropriate in the public interest, and is consistent with the protection of investors.³³ Rule 6h–1(d) under the Exchange Act states that the Commission may grant a national securities exchange or national securities association an exemption, either unconditionally or on specified terms and conditions, from the requirements of Rule 6h–1 if it determines that the exemption is necessary or appropriate in the public interest and consistent with the protection of investors.³⁴

As discussed below, the Commission finds that it is appropriate in the public interest, and is consistent with the protection of investors, to grant CME a conditional exemption from Rule 6h–1(b)(1) to permit certain cash-settled security futures on individual securities to be P.M. Settled. This exemption facilitates the public's interest in market and product development and innovation by permitting CME to list and trade new products that may be useful to market participants in implementing their business and investment objectives. This exemption is also subject to conditions that are designed to provide several meaningful investor protections against potential manipulation and market disruption.

First, the Proposed Cash-Settled Products will be subject to robust listing and maintenance standards.³⁵ The underlying security for each product will exceed 20 million shares in estimated deliverable supply; have a minimum market capitalization of at least \$100 billion; and have a minimum ADVT of \$450 million over the prior six months. The underlying security will need to maintain over 20 million shares in estimated deliverable supply, a minimum market capitalization of at least \$50 billion, and an ADVT of \$200 million for the prior calendar quarter.³⁶ Limiting these products to the most liquid underlying securities will help to mitigate the impact (if any) of the products on the closing process of the underlying equity securities, including the concern that cash-settled security futures that are P.M. Settled could cause excessive volatility and potential manipulation at the close in the

underlying securities. This is because the consistently high liquidity combined with the market maker, retail and institutional interest should be enough to respond to any surges in volume caused either by futures expiration or attempts at manipulation.

Second, CME's listing schedule for the Proposed Cash-Settled Products will be limited to the nearest three quarters³⁷ which may help to limit the amount of open interest that can accumulate for any particular expiration date. Limiting the amount of open interest in a security future may help reduce the pressure on liquidity in the underlying security on expiration date and mitigate the concern that market participants would anticipate this pressure and attempt to manipulate the underlying security.

Third, CME will make publicly available for a period of 18 months, a significant amount of daily and semi-annual data about trading in the Listed Cash-Settled Products.³⁸ This data will facilitate market and product analysis by regulators and other market participants.

Fourth, the CME will conduct an 18-month study concerning the effect of cash-settled single stock futures on the underlying security markets.³⁹ This report will include analysis concerning the products, as well as analysis of any other similar P.M. Settled, cash-settled single stock security futures, security options, or other similar derivative listed and traded during the 18-month period. The report will examine the price of the underlying stock at 3:30 p.m. and 3:45 p.m. on expiration day, the closing price of the underlying stock on expiration day, the opening price on the next trading day, and the percentage change among such prices. The report will also include the number of products settled based on the closing price of the underlying stock, with a discussion of price reversal. The report will be provided to the Commission and be made publicly available.⁴⁰

Finally, the exemption is consistent with the protection of investors because the products, as with any new products listed for trading on CME, will be subject to monitoring and surveillance by CME's Market Regulation Department.⁴¹

While the Commission finds that relief is appropriate in the public interest and consistent with the protection of investors, the Commission acknowledges that commenters expressed concerns with the CME Exemption Request.⁴² One commenter stated that the CME Exemption Request has not met its burden to demonstrate that the requested relief is in the public interest and consistent with the protection of investors.⁴³ Commenters stated that the CME Exemption Request does not address the potential impact of the Proposed Cash-Settled Products on the opening and closing process of the underlying equity securities.⁴⁴ One commenter stated that the Proposed Cash-Settled Products are “untested and unproven,” adding that the CME Exemption Request cannot be supported by an analysis of existing options products.⁴⁵

In response to comments, CME stated that it provided detailed analysis in its exemption request of the substantial liquidity that exists today in the underlying securities at the close and how that liquidity is far greater than the liquidity at the open.⁴⁶ CME stated that allowing it to use the securities' closing prices for final settlement will enable CME to offer security futures that provide more robust protection against potential manipulation.⁴⁷ CME also

⁴² See letters from Patrick Sexton, EVP, General Counsel, and Corporate Secretary, Cboe Global Markets, Inc., dated March 23, 2026 (“Cboe Letter”); Jeffrey S. Davis, Senior Vice President, Nasdaq, Inc., dated March 20, 2026 (“Nasdaq Letter”).

⁴³ See Cboe Letter at 2. This commenter also stated that consideration should be given to whether P.M. Settled single stock futures should first be physically settled prior to entertaining exemptive relief and that listing and trading physically settled products would allow CME to develop direct evidence to support the position that P.M. Settlement will not impact the underlying market. See *id.* However, single stock futures with physical settlement and P.M. Settlement have listed and traded previously on OneChicago, LLC, a notice registered national securities exchange for security futures products. See CME Exemption Request at 2, n. 3.

⁴⁴ See Nasdaq Letter at 2–3; see also Cboe Letter at 1.

⁴⁵ See Cboe Letter at 1. This commenter stated that (i) standard equity options with P.M. Settlement are distinguishable because they are physically settled (rather than cash settled as proposed in the CME Exemption Request), (ii) cash-settled index options with P.M. Settlement are distinguishable because they have a limited effect on the underlying equity market as shown by twenty years of study and single stock security futures may have a different effect on underlying securities, and (iii) cash-settled FLEX options with P.M. Settlement are distinguishable because they represent a small fraction of overall options activity and are limited to a subset of underlying ETFs. See also Nasdaq Letter at 2–3 (stating index options, given their diverse composition, present materially different manipulation concerns than options on individual securities).

⁴⁶ See CME Response Letter at 3.

⁴⁷ See *id.*

³³ 15 U.S.C. 78mm(a)(1).

³⁴ 17 CFR 240.6h–1(d).

³⁵ As discussed in footnote 27, CME augmented some of its proposed initial and maintenance listing standards in its Response Letter. The conditions discussed in this section reflect those augmented proposed standards.

³⁶ See CME Response Letter at 4; see also, CME's description of the listing standards as reflected in the “Listing Standards” condition below.

³⁷ This limitation is reflected in the “Listing Schedule” condition below. The listing schedule was specified in the Response Letter. See CME Response Letter at 5.

³⁸ CME's description of the daily and semi-annual data is reflected in the “Public Data Provision” condition below.

³⁹ CME's description of the study is reflected in the “CME Study” condition below.

⁴⁰ See CME Response Letter at 4.

⁴¹ See CME Response Letter at 10.

stated that it will propose listing standards that are heightened from those described in the CME Exemption Request.⁴⁸ CME further proposed conditioning the exemption on CME limiting its listing schedule for security futures contracts to the nearest three quarters out.⁴⁹ In addition, CME proposed conditioning the exemption on CME making available to the Commission and the public a study of the effect of cash-settled single stock futures on the market for the underlying securities⁵⁰ and certain data regarding the security futures listed and traded pursuant to the exemption (“Listed Cash-Settled Product”).⁵¹

The Commission understands the comment that cash-settled security futures that are P.M. Settled are “untested and unproven,” and the Commission acknowledges the difficulty in relying upon data about existing products to assess the potential impact of proposed cash-settled products. However, the conditions associated with this exemption, including the listing standards and the listing schedule provide reasonable protection against excessive volatility and potential manipulation in the underlying securities. Also, as CME points out, it maintains and enforces rules prohibiting market participants from engaging in manipulation of security futures or the underlying cash markets and trading activity in the products will be subject to monitoring and surveillance by CME.⁵² Additionally, the availability of public data and a study, will help ensure that these products are made available to the

public in a manner that is appropriate in the public interest and consistent with the protection of investors. As described above, trading experience with these products will generate data that CME, the Commission, and the public can use to assess the potential impact of the products. That said, the more rigorous listing standards and listing schedule help mitigate the volatility and manipulation concerns regarding these products.

One commenter stated that the CME Exemption Request is “materially deficient” as compared to the requirements applicable to SEC-registered self-regulatory organizations seeking to list comparable products.⁵³ The Commission disagrees. This exemption contains data and study conditions modeled on what was required of options exchanges when they reintroduced certain cash-settled index options, which will help facilitate an assessment of these products by the Commission and the public.⁵⁴

One commenter stated that it is necessary for all proposals related to single stock futures to be viewed through the lens of creating a “level playing field” with exchange traded options in light of Congress’ motivations for enacting the CFMA.⁵⁵ Similarly, another commenter stated that no P.M. Settled, cash-settled options on individual equity securities have been approved for trading on self-regulatory organizations.⁵⁶ This commenter stated that the Commission should consider the standards applicable to SEC-registered self-regulatory organizations seeking approval for comparable products.⁵⁷ Commenters urged a coordinated approach with the CFTC as opposed to an ad hoc, case-by-case determination that risks creating regulatory asymmetries.⁵⁸ In response, CME stated that its request should not be delayed while the SEC and CFTC

engage in joint rulemaking or as part of a broader holistic effort at coordination and harmonization between the SEC and CFTC, and that it has demonstrated that its request meets the exemption standards in section 36 of the Exchange Act.⁵⁹ The Commission has considered the comments regarding regulatory coordination and acknowledges that joint SEC and CFTC regulatory action may be appropriate in the future.⁶⁰ At this time, however, the Commission is responding to an exemptive relief application and conditionally granting the request in accordance with the authority provided in section 36 of the Exchange Act and Rule 6h–1(d) thereunder.

With respect to commenters’ concerns regarding creating regulatory asymmetries and the need to consider the standards applicable to SEC-registered self-regulatory organizations that would seek to list and/or trade products comparable to the Proposed Cash-Settled Products, the current regulatory framework and Commission authorities concerning security futures and security options provide the means and process for self-regulatory organizations to propose comparable products. For example, other national securities exchanges similarly could seek to list and trade cash-settled derivatives, such as options, based on closing prices by following the relevant Exchange Act rule filing requirements. Accordingly, the current regulatory framework and authorities allow for competition among national securities exchanges that trade security futures and security options and help ensure competition is not harmed by any regulatory asymmetries.

Finally, one commenter encouraged the Commission to address the issue of linked and coordinated clearing to facilitate the fungibility of single stock security futures.⁶¹ CME is a notice registered security futures product exchange and is required to file proposed rule changes under section 19(b)(7) of the Exchange Act with respect to the listing standards for products it intends to list and trade under this exemption. These listing

⁴⁸ In particular, CME stated that it will propose initial listing standards that require the underlying security for each product to be common stocks that have an outstanding market capitalization of at least \$100 billion and a minimum ADVT of \$450 million over the prior six months. CME also stated that it will propose heightened maintenance listing standards that require the underlying security to have a minimum market capitalization of at least \$50 billion and an ADTV of \$200 million for the prior quarter. CME stated that if the underlying security has been listed for less than six months (in the case of initial listing standards) or less than a calendar quarter (in the case of maintenance listing standards), the ADTV threshold would be \$1 billion. See CME Response Letter at 4.

⁴⁹ See *id.* at 5.

⁵⁰ CME stated that the study would include analysis concerning the Proposed Cash-Settled Products, as well as analysis of any other similar P.M. Settled, cash-settled single stock security futures, security options, or other similar derivative listed and traded during the period subject to the report. See *id.* at 4.

⁵¹ See *id.* CME also stated that it intends to establish initially position limits of 200,000 contracts for security futures listed pursuant to this exemption. See *id.* at 2. CME is required file such position limits pursuant to section 19(b)(7) of the Exchange Act because position limits relate to fraud or manipulation. See 15 U.S.C. 78b(h)(3)(H).

⁵² See CME Response Letter at 10.

⁵³ See Nasdaq Letter at 2 (stating, among other things, that Commission-registered self-regulatory organizations were required to, among other things, provide “empirical justifications that the proposed [P.M. Settled, cash-settled index options] would not cause significant adverse impact on underlying component securities around the close or result in deterioration of market quality”).

⁵⁴ One comment letter stated that “a joint SEC and CFTC rulemaking would be more appropriate than exemptive relief” because a “rulemaking would better address whether P.M. cash-settled SSFs are consistent with congressional intent.” Choe Letter at 1.

⁵⁵ See Choe Letter at 1.

⁵⁶ See Nasdaq Letter at 2.

⁵⁷ See Nasdaq Letter at 3.

⁵⁸ See Nasdaq Letter at 1 (stating a coordinated, holistic review by both agencies would facilitate substituted compliance on a consistent, principled basis) and Choe Letter at 1–2 (stating joint Commission and CFTC rulemaking would be more appropriate than exemptive relief).

⁵⁹ See CME Response Letter at 3.

⁶⁰ The SEC and the CFTC have created a joint harmonization initiative to advance coordinated oversight and promote regulatory clarity in areas of common regulatory interest. The initiative will support coordination across the policymaking, examination and enforcement functions of each agency, particularly for joint applications and shared policy efforts. See SEC–CFTC Harmonization Initiative, available at: <https://www.sec.gov/featured-topics/sec-cftc-harmonization-initiative>.

⁶¹ See Choe Letter at 2; see also 15 U.S.C. 78f(h)(3)(E).

standards must address the linked and coordinated clearing requirements of section 6(h)(3)(E) of the Exchange Act.⁶² Additionally, section 6(h)(7) of the Exchange Act states that a national securities exchange like CME may trade a securities futures product that does not conform with any listing standard promulgated to meet the requirement of section 6(h)(3)(E) until a compliance date which must be announced jointly by the Commission and the CFTC.⁶³

For the reasons discussed above, the Commission has determined that it is appropriate in the public interest, and is consistent with the protection of investors, to grant CME a conditional exemption from Rule 6h–1(b)(1) to permit certain cash-settled security futures on individual securities to be P.M. Settled. This exemption from Rule 6h–1(b)(1) is conditioned on the following:

1. *Listing Standards*—Each underlying security that is a common stock has:
 - more than 20 million shares in estimated deliverable supply;
 - an outstanding market capitalization of \$100 billion or greater;
 - a minimum ADVT of \$450 million over the prior six months (or if the underlying security has been listed and trading for less than six months, a minimum ADVT of \$1 billion over the prior month); and
 - to maintain listing, a market capitalization of at least \$50 billion and an ADVT of at least \$200 million over the prior quarter (or if the underlying security has been listed and trading for less than a calendar quarter, a minimum ADVT of \$1 billion over the prior period traded during the calendar quarter).
2. *Listing Schedule*—Each security future shall be listed with no longer than 9 months to expiration.

⁶² See 15 U.S.C. 78f(h)(3)(E) (providing that the listing standards “require that the security futures product is cleared by a clearing agency that has in place provisions for linked and coordinated clearing with other clearing agencies that clear security futures products, which permits the security futures product to be purchased on one market and offset on another market that trades such product”).

⁶³ See 15 U.S.C. 78f(h)(7)(A). Compliance date is defined as the later of “(i) 180 days after the end of the first full calendar month period in which the average aggregate comparable share volume for all security futures products based on single equity securities traded on all national securities exchanges, any national securities associations registered pursuant to section 15A(a), and all other persons equals or exceeds 10% of the average aggregate comparable share volume of options on single equity securities traded on all national securities exchanges and any national securities associations registered pursuant to section 15A(a); or (ii) 2 years after the date on which trading in any security futures product commences under this title.” See 15 U.S.C. 78f(h)(7)(C).

3. *Public Data Provision*—CME shall make publicly available in a machine-readable Comma-Separated Values format, for a period of 18 months from initial listing of the first Listed Cash-Settled Product, the following information:⁶⁴

- on a daily basis, a daily report of aggregate long and short positions by market participant type (including market maker, firm and customer) or clearing member account type (e.g., proprietary and customer account as required by CFTC Rule 16.00⁶⁵) for each Listed Cash-Settled Product;
- for each security underlying a Listed Cash-Settled Product, the opening price for the next trading day after the settlement Friday and the closing price on the settlement Friday, along with the percentage change between these two prices, and the average percent change between these two prices over the course of a year, made available every six months from initial listing and to the Commission upon request;
- for each Listed Cash-Settled Product, the month-end aggregate long and short positions by market participant type (including market maker, firm and customer) or by clearing member account type (e.g., proprietary and customer account as required by CFTC Rule 16.00⁶⁶) and trading volume for each month, made available every six months from initial listing and to the Commission upon request;
- for each security underlying a Listed Cash-Settled Product, the first traded price and the last traded price for the 15-minute periods of 3:30 p.m.—3:45 p.m. and 3:45 p.m.—4:00 p.m. for every Friday of each month along with the next trading day’s opening price, made available every six months from initial listing and to the Commission upon request.

4. *CME Study*—CME shall provide the Commission and make publicly available within 18 months of initial listing of the first Listed Cash-Settled Product a report examining the effect of cash-settled single stock futures and, to the extent listed and traded, cash-settled single stock options or other similar derivative, on the market for the underlying securities. This report will include analysis concerning the Listed Cash-Settled Products, as well as analysis of any other similar P.M. Settled, cash-settled single stock

⁶⁴ CME shall make publicly available the complete set of historical information required by this condition, rather than only the most recent version of each required element.

⁶⁵ See 17 CFR 16.00.

⁶⁶ See *id.*

security futures, security options, or other similar derivative listed and traded during the period subject to the report. The report will examine the price of the underlying security at 3:30 p.m. and 3:45 p.m. on expiration day, the closing price of the underlying security on expiration day, the opening price on the next trading day, and the percentage change among such prices. The number of security futures contracts settled based on the closing price of the underlying security shall be included with a discussion of price reversal (*i.e.*, change in the closing price of the underlying security and the opening price on the next trading day).

V. Conclusion

For the reasons discussed above, and in accordance with section 36 of the Exchange Act and Rule 6h–1(d) thereunder,⁶⁷ the Commission finds that exempting CME from the A.M. Settlement requirements of Rule 6h–1(b), subject to conditions contained in this order, is appropriate in the public interest, and consistent with the protection of investors. Accordingly, IT IS HEREBY ORDERED, pursuant to section 36 of the Exchange Act and Rule 6h–1(d) thereunder, subject to the conditions described in section IV above, that CME may utilize the closing price of an underlying security for final settlement price purposes. This exemption is subject to modification or revocation at any time the Commission determines that such action is necessary or appropriate in furtherance of the purposes of the Exchange Act.

By the Commission.

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 36248; File No. 813–00424]

Churchill Asset Management LLC

July 13, 2026.

AGENCY: Securities and Exchange Commission (“Commission” or “SEC”).
ACTION: Notice.

Notice of an application for an order under sections 6(b) and 6(e) of the Investment Company Act of 1940 (the “Act”) granting an exemption from all

⁶⁷ 15 U.S.C. 78mm; 17 CFR 240.6h–1(d). The standard for exemptive authority under section 36 of the Exchange Act is the same as that in Rule 6h–1(d) thereunder.