

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 24-204 (7 of 8)

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 05/29/24 Filing Description: Initial Listing of Four (4) Nearby and Four (4) Deferred Monthly Options on Three-Month SOFR Futures Contracts

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 checked="" 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 |

Official Product Name: See filing.

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

- | | | |
|--------------------------|---|----------------------|
| <input 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:

Rule Numbers:



Timothy Elliott
Managing Director and Chief Regulatory Counsel
Legal Department

May 29, 2024

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
3 Lafayette Center
1155 21st Street NW
Washington, DC 20581

**Re: CFTC Regulation 40.2(a) Certification. Initial Listing of Four (4) Nearby and Four (4) Deferred Monthly Options on Three-Month SOFR Futures Contracts.
CME Submission No. 24-204 (7 of 8)**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the initial listing of Monthly Options on Three-Month SOFR Futures for trading on the CME Globex electronic trading platform (“CME Globex”), for submission for clearing on CME ClearPort, and for open outcry trading on the CME trading floor effective on Sunday, June 16, 2024, for trade date Monday, June 17, 2024.

Section 1 – Contract Specifications

CONTRACT TITLE	Monthly Options on Three-Month SOFR Futures – Nearby March	Monthly Options on Three-Month SOFR Futures – Nearby June	Monthly Options on Three-Month SOFR Futures – Nearby September	Monthly Options on Three-Month SOFR Futures – Nearby December	Monthly Options on Three-Month SOFR Futures – Deferred March	Monthly Options on Three-Month SOFR Futures – Deferred June	Monthly Options on Three-Month SOFR Futures – Deferred September	Monthly Options on Three-Month SOFR Futures – Deferred December
CONTRACT UNIT	1 Three-Month SOFR Futures contract							
MINIMUM PRICE FLUCTUATION	1/4 of 0.01 IMM index points (0.0025 = \$6.25) for option premium ≤ 0.05 IMM index points 1/2 of 0.01 IMM index points (0.005 = \$12.50) for option premium > 0.05 IMM index points							
PRICE QUOTATION	Quoted in Underlying Instrument price points, at \$2,500 per point per Option contract							
TRADING AND CLEARING HOURS	CME Globex Pre-open: Sunday 4:00 p.m. - 5:00 p.m. CT Monday – Thursday 4:45 p.m. - 5:00 p.m. CT CME Globex: Sunday 5:00 p.m. - Friday - 4:00 p.m. CT with a daily maintenance period from 4:00 p.m. - 5:00 p.m. CT CME ClearPort: Sunday 5:00 p.m. - Friday 5:45 p.m. CT with no reporting Monday - Thursday from 5:45 p.m. - 6:00 p.m. CT Open Outcry: Monday - Friday: 7:20 a.m. - 2:00 p.m. CT							
COMMODITY CODE	1YH	1YM	1YU	1YZ	2YH	2YM	2YU	2YZ
LISTING SCHEDULE	Two nearest option months will be listed at any time. Nearby contracts will reference the second, third and fourth nearest quarterly contracts				Two nearest option months will be listed at any time. Deferred contracts will reference the sixth, seventh, and eighth nearest quarterly contracts			

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INITIAL LISTING	1YZN4, 1YHN4, 1YMN4, 1YZQ4, 1YHQ4, 1YMQ4, 2YZN4, 2YHN4, 2YMN4, 2YZQ4, 2YHQ4, 2YMQ4
TERMINATION OF TRADING	Trading terminates on the Friday prior to the 3rd Wednesday of the contract month.
RULEBOOK CHAPTER	CME 460A
CME GLOBEX MATCHING ALGORITHM	Q - Threshold Pro Rata with LMM
MINIMUM BLOCK LEVEL	RTH - 5000 ETH - 2500 ATH - 1250
REPORTING WINDOW	RTH - 5 minutes ETH/ATH - 15 minutes
STRIKE PRICE LISTING SCHEDULE	Strike prices will be listed in intervals of 6.25 basis points (0.0625 price points) in a range of 150 basis points above and 150 basis points below the strike price closest to the previous daily settlement price for the underlying futures contract and of 25 basis points (0.25 price points) in a range of 550 basis points above and 550 basis points below the strike price closest to the previous daily settlement price for the underlying futures contract.
EXERCISE STYLE	Options are American Style and are exercised by notifying the Clearing House by 5:30 p.m. CT on the day of exercise. Unexercised options shall expire at 5:30 p.m. CT on the last trading day. In-the-money options that have not been exercised shall be automatically exercised following expiration in absence of contrary instructions
SETTLEMENT METHOD	Deliverable into underlying futures contract
UNDERLYING FUTURES CONTRACT / COMMODITY CODE	Three-Month SOFR Futures / SR3

Section 1 – Overview of Cash Market

The Contracts are exercisable into the Three-Month SOFR Futures contract, for which the final settlement price is based upon the rate per annum of daily compounded SOFR interest during the futures contract's Reference Quarter,¹ a brief review of the origin, structure, and properties of the SOFR benchmark is in order.

In November 2014, the Federal Reserve System convened the Alternative Reference Rates Committee (“ARRC”) to: (i) identify a set of alternative interest rate benchmarks that would be firmly based on transactions in an active underlying market and that would comply with emerging standards for financial benchmarks, such as the IOSCO *Principles for Financial Benchmarks*, and (ii) to identify an adoption plan with means to facilitate broad acceptance and use of such alternative reference rate benchmarks. The ARRC also was asked to consider the best practices related to financial contract design that would ensure that financial contracts are resilient to possible cessation or material alteration of existing or new benchmarks.² In June 2017, the ARRC identified SOFR as the interest rate benchmark that, in its consensus view, would represent best practice for use as the underlying reference in new US dollar interest rate derivatives and other US dollar-denominated financial contracts.³ Since April 2, 2018, the Federal Reserve Bank of New York (“FRBNY”), in cooperation with the U.S. Office of Financial Research, has computed and published a SOFR benchmark value for each U.S. government securities market business day.⁴

¹ Although the length of the futures contract Reference Quarter may range from 12 to 14 weeks (i.e., from approximately 58 business days to approximately 68 business days), it typically spans 13 weeks (approximately 63 business days).

² See Alternative Reference Rates Committee at: <https://www.newyorkfed.org/arrc/index.html>

³ See ARRC Agenda, Minutes, and Presentation for June 16, 2017, and ARRC Agenda, Minutes, and Press Release for June 22, 2017, at: <https://www.newyorkfed.org/arrc/meetings-events>

⁴ The SOFR value for any US government securities market business day is published at approximately 7:00am Chicago time on the next following such business day.

SOFR is a fully transactions-based interest rate benchmark incorporating data on transactions in overnight Treasury collateral repurchase agreements (“repo”) drawn from three sources:⁵

- all tri-party Treasury general collateral repo transactions settled on the books of Bank of New York Mellon. The FRBNY collects such trade-by-trade data directly from Bank of New York Mellon, pursuant to the supervisory authority of the Board of Governors of the Federal Reserve System.
- all tri-party Treasury general collateral repo transactions mediated through the General Collateral Finance (“GCF”) repo market of the Fixed Income Clearing Corporation (“FICC”). FRBNY has entered into an agreement with DTCC Solutions LLC, an affiliate of the Depository Trust & Clearing Corporation (“DTCC”), to obtain these transaction data.
- bilateral Treasury repo transactions cleared through the FICC Delivery-versus-Payment (“DVP”) service. Here too, FRBNY has entered into an agreement with DTCC Solutions LLC to obtain these transaction data.

On any given day, prior to pooling transaction data from these three sources, the FRBNY ranks the day’s FICC DVP bilateral repo transaction volumes by their transaction rates, from lowest to highest, and then filters out 25 percent of trading volume corresponding to the lowest transaction rates. The object of such filtering is to remove repo transactions in which Treasury collateral is likeliest to be trading “special”, so as to achieve a residual set of bilateral repo data that largely (if not purely) reflects general collateral transactions.

After filtering the FICC DVP bilateral repo transaction data, the FRBNY pools the data from all three sources, ranks all repo transaction volumes by their transaction rates, from lowest to highest, and then computes the transaction-weighted median repo rate, i.e., the repo trade rate for which half of the day’s repo transaction volume is made at transaction rates that are equal to it or less than it, and for which the other half of the day’s repo transaction volume is made at transaction rates that are equal to it or greater than it. The transaction-weighted median repo rate becomes the day’s SOFR benchmark value.

SOFR closely mirrors the Effective Federal Funds Rate (“EFFR”), which measures the domestic unsecured borrowings in U.S. dollars by depository institutions from other depository institutions, as demonstrated in Figure 3 below. The correlation between these two rates over the trailing 3-year period is 0.999.

⁵ See Federal Reserve System, *Request for Information Relating to Production of Rates*, 82 FR 41259, August 30, 2017, available at: <https://www.federalregister.gov/documents/2017/08/30/2017-18402/request-for-information-relating-to-production-of-rates>, and Federal Reserve System, *Production of Rates Based on Data for Repurchase Agreements*, 82 FR 58397, December 12, 2017, available at: <https://www.federalregister.gov/documents/2017/12/12/2017-26761/production-of-rates-based-on-data-for-repurchase-agreements>

Figure 3: SOFR and EFR Rate History

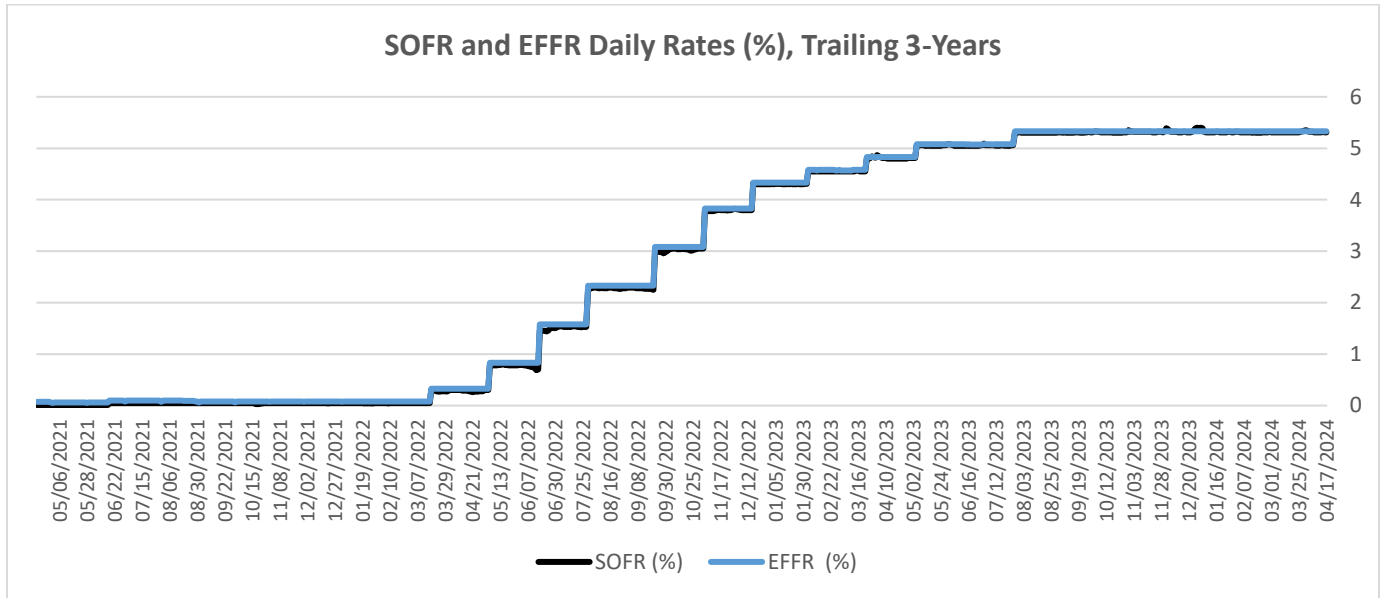
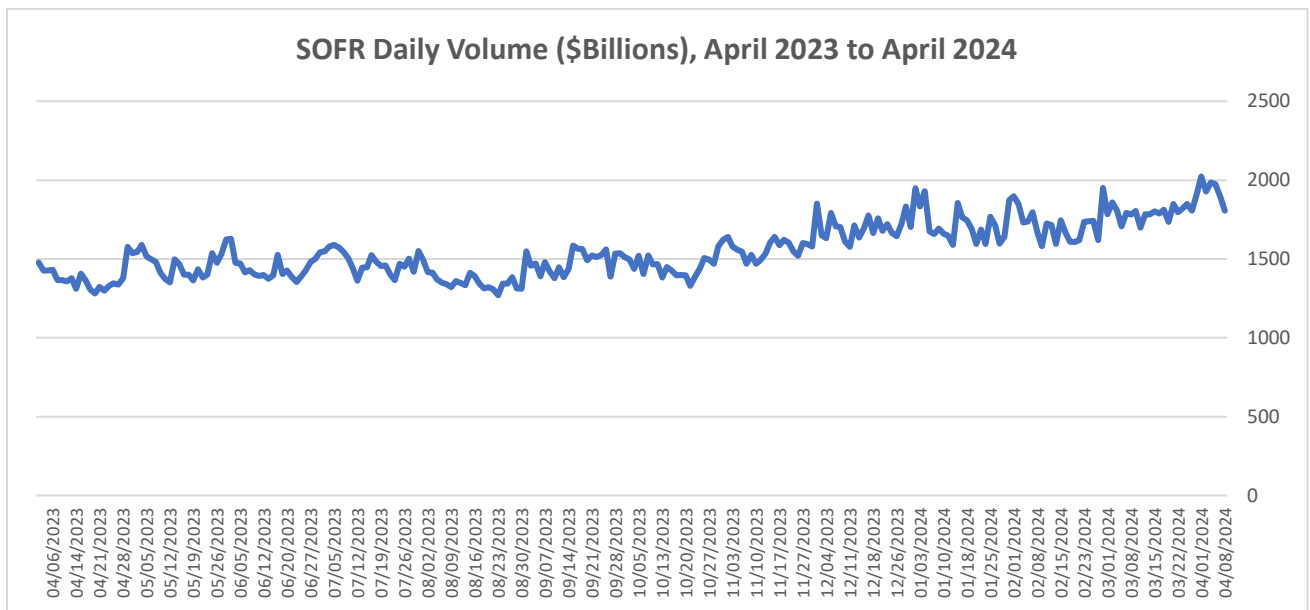
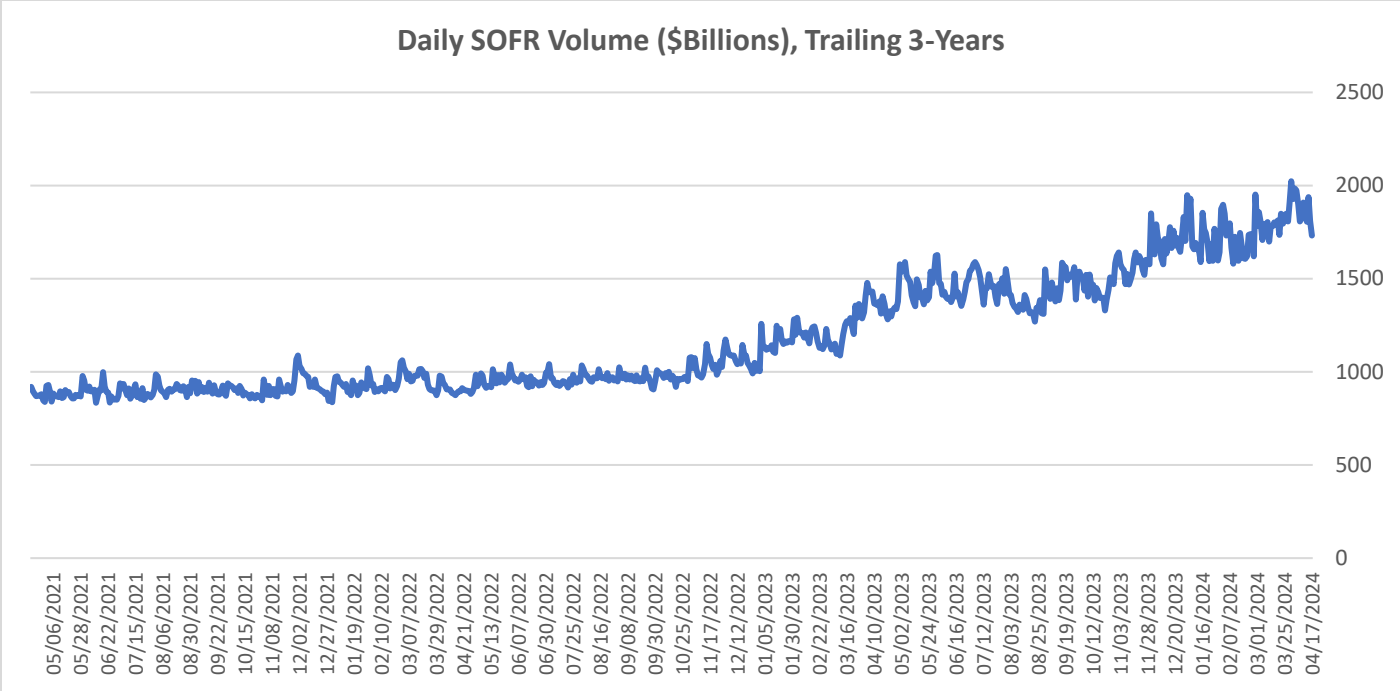


Figure 4: Transaction Volumes for the Secured Overnight Financing Rate (SOFR)



Source: FRBNY



The one-year history of aggregate daily transaction volumes that have entered into daily SOFR settings is depicted in Figure 4. Critical from the standpoint of benchmark reliability and robustness is the magnitude of minimum daily transaction volume. In the latest approximate year months (April 19, 2021 to April 17, 2024) the average daily SOFR transaction volume as been \$1,178B. Minimum and maximum numbers for the same period are \$2,023B and \$834B respectively.⁶

Section 3 – Compliance with Core Principles

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 following Core Principles may be impacted by this initiative as follows:

Core Principle 2 – Compliance with Rules

Trading in the Contracts will be subject to all CME Rules, including prohibitions against fraudulent, noncompetitive, unfair and abusive practices as outlined in CME Rule Chapter 4, the Exchange’s trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the CME Rulebook, and the dispute resolution and arbitration procedures of CME Rule Chapter 6. As with all products listed for trading on one of CME Group’s designated contract markets, trading activity in the Contract will be subject to monitoring and surveillance by CME Group’s Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

Core Principle 3 – Contracts Not Readily Subject to Manipulation

As noted in Section 2 above, the SOFR benchmark is supported by a demonstrably massive pool of transaction data, drawn from multiple reliable sources. The statistical measure employed to produce the

⁶ For further information on the SOFR benchmark, see Logan, Lorie K, *The Role of the New York Fed as Administrator and Producer of Reference Rates*, Remarks at the Annual Primary Dealer Meeting, FRBNY, New York, January 9, 2018, available at: <https://www.newyorkfed.org/newsevents/speeches/2018/log180109>

benchmark value on any given day – the transaction-volume-weighted median repo rate -- is highly robust. The final settlement price of the Three-Month SOFR Futures contract into which the Contracts are exercisable, moreover, provides an additional layer of robustness against day-to-day volatility in SOFR values, through time aggregation of daily SOFR values throughout the futures contract Reference Quarter.

The Exchange believes that the SOFR benchmark, and its application in connection with both Three-Month SOFR Futures contracts and its linkage to the Contracts, possess more than sufficient integrity to deflect attempted cornering, manipulation, crowding, or exertion of undue influence upon the Contracts' final settlements of the corresponding underlying futures contracts.

Core Principle 4 – Prevention of Market Disruption

Trading in the Contracts will be subject to CME Rulebook Chapters 4 and 7, which include prohibitions on manipulation, price distortion, and disruption to the expiration process. As with any product listed for trading on a CME Group designated contract market, trading activity in the Contracts shall be subject to monitoring and surveillance by CME Group's Market Regulation Department.

Core Principle 5 – Position Limits or Accountability

The Contracts will be subject to a Position Reporting Level of 25 contracts. The Contracts will be subject to a Single-Month Position Accountability Level of 10,000 net futures contract equivalents, and an All-Month Position Accountability Level of 10,000 net futures contract equivalents.

To appreciate the proportions of the Position Accountability standards, assume that the representative level of traffic in the market for overnight Treasury general collateral repurchase agreements, which supports the SOFR benchmark, is around \$1,178 billion per day (equal to the average daily value from April 19, 2021, to April 17, 2024). Relative to this trading flow, the hypothetical Three-Month SOFR futures holdings reflected in the Position Accountability Levels for Options signify a share of approximately 0.84 percent.⁷

The speculative position limits for the Contracts as demonstrated in this submission are consistent with the Commission's guidance.

Core Principle 7 – Availability of General Information

The Exchange will publish on its website information regard to contract specifications, terms, and conditions, as well as daily trading volume, open interest, and price information for the Contracts. The Exchange will issue a Special Executive Report ("SER") regarding the launch of the Contracts. The SER will also be posted on the CME Group website.

Core Principle 8 – Daily Publication of Trading Information

The Exchange will publish contract trading volumes, open interest levels, and price information daily on its website and through quote vendors.

Core Principle 9 – Execution of Transactions

The Contracts will be listed for trading on the CME Globex and for submission of clearing through the CME ClearPort platform. The CME Globex trading venue provides for competitive and open execution of

⁷ For Three-Month SOFR Futures, each basis point per annum of contract interest is specified to be worth \$25 per contract. The SOFR interest exposure that is impounded in the contract final settlement price accumulates during the contract Reference Quarter, which typically spans 13 weeks, or 91 days. Thus, the implied size of the hypothetical generic open overnight Treasury general collateral RP transaction that underlies each contract is approximately \$989,011. Accordingly, for the purpose of comparison, the 10,000-contract position signified by the Position Accountability Level may be interpreted as having a size of approximately \$9.89011 billion (equal to 10,000 contracts x (\$25 per basis point per contract / 0.0001 per year) x (360 days per year / 91 days)).

transactions and affords the benefits of reliability and global connectivity. The Contracts will also be available for open outcry trading on the CME trading floor.

Core Principle 10 – Trade Information

All requisite trade information shall be included in the audit trail and will suffice for the Market Regulation Department to monitor for market abuse.

Core Principle 11 – Financial Integrity of Contracts

The Contracts will be cleared by CME Clearing, which is registered with the Commission as a derivatives clearing organization and subject to all CFTC regulations related thereto.

Core Principle 12 – Protection of Markets and Market Participants

CME Rulebook Chapters 4 and 5 set forth multiple strictures that preclude intermediaries from disadvantaging their customers. These Rules apply to trading in all of the Exchange's trading and clearing venues.

Core Principle 13 – Disciplinary Procedures

CME Rulebook Chapter 4 provides for the Exchange to discipline, suspend, or expel members or market participants who violate the rules of the Exchange. Trading in the Contracts shall be subject to these provisions. The Exchange's Market Regulation Department has the authority to exercise its powers of enforcement, in the event that rule violations in the Contracts are identified.

Core Principle 14 – Dispute Resolution

Disputes with regard to trading of the Contracts will be subject to the arbitration provisions set forth in CME Rulebook Chapter 6, which allow all nonmembers to submit to arbitration claims for financial loss resulting from transactions on the Exchange. Pursuant to these provisions, any member named as a respondent in any such claim submitted by a nonmember is required to participate in arbitration proceedings. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

Appendix A provides amendments to CME Rulebook Chapter 460A. It should be noted that the Exchange previously delisted the Three-, Six-, and Nine-Month Mid-Curve Options on Three-Month SOFR Futures Contracts (see CME Submission [24-211](#) dated May 13, 2024). The Contracts intended to replace these contracts most recently delisted. Appendix B provides the Position Limit, Position Accountability, and Reportable Level Table. Appendix C provides the CME Rule 588.H. ("Globex Non-Reviewable Trading Ranges") Table. Appendix D provides the CME Rule 589. - Special Price Fluctuation Limits and Daily Price Limits Table. Appendix E provides the Exchange fees.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.2(a), the Exchange hereby certifies that the Contracts comply with the Act and rules thereunder. There were no substantive opposing views to this proposal.

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

Should you have any questions concerning the above, please contact the undersigned at (312) 466-7478 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Timothy Elliott
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A CME Rulebook Chapter 460A
Appendix B Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook (attached under separate cover)
Appendix C CME Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table
Appendix D CME Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table
Appendix E Exchange Fees

Appendix A

CME Rulebook

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

Chapter 460A

Options on Three-Month SOFR Futures

460A00. SCOPE OF CHAPTER

This chapter is limited in application to options on Three-Month SOFR futures (“options”). In addition to this chapter, options shall be subject to the general rules and regulations of the Exchange insofar as applicable.

Unless otherwise specified, times referenced herein shall refer to and indicate Chicago time.

460A01. OPTION CHARACTERISTICS

460A01.A. Contract Months and Trading Hours

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.

460A01.B. Trading Unit

The trading unit shall be an option to buy in the case of the call, or to sell in the case of the put, one Three-Month SOFR futures contract (Chapter 460) (“futures” or “futures contract”).

460A01.C. Minimum Fluctuations

The price of an option shall be quoted in IMM Index points corresponding to such option’s underlying futures contract (Rule 460A01.D.). Pursuant to Rules 46002.C., each 0.01 IMM Index point signifies one (1) basis point per annum of interest rate exposure in such underlying futures contract’s Trading Unit (Rule 46002.B.) and is equal to \$25 per option contract. Accordingly, for example, an option contract price of 0.35 IMM Index points represents \$875 (equal to 35 basis points x \$25 per basis point per option contract).

Minimum price fluctuations shall be as follows –

1. Quarterly Standard Options (Rule 460A01.D.1.) Expiring in the Nearest March Quarterly Month

Where such options are for the next nearest monthly option expiration date, the minimum price fluctuation shall be 0.0025 IMM Index points (equal to \$6.25 per option contract).

Where such options are not for the next nearest monthly option expiration date, then:

Where any such option trades outright at a premium not greater than 0.05 IMM Index points, the minimum price fluctuation shall be 0.0025 IMM Index points (equal to \$6.25 per option contract).

Where any such option trades outright at a premium greater than 0.05 IMM Index points, the minimum price fluctuation shall be 0.005 IMM Index points (equal to \$12.50 per option contract).

2. Quarterly Standard Options (Rule 460A01.D.1.) Expiring in the Second-Nearest March Quarterly Month, Serial Standard Options (Rule 460A01.D.2.), and Monthly Options (Rules 460A01.D.8 and 460A01.D.9)

Where any such option trades outright at a premium not greater than 0.05 IMM Index points, the minimum price fluctuation shall be 0.0025 IMM Index points (equal to \$6.25 per option contract). Where any such option trades outright at a premium greater than 0.05 IMM Index points, the minimum price fluctuation shall be 0.005 IMM Index points (equal to \$12.50 per option contract).

3. All Other Quarterly Standard Options (Rule 460A01.D.1.) and All Other Mid-Curve Options (Rules 460A01.D.3. through 460A01.D.7.)

For all Quarterly Standard options other than those that expire in the nearest March Quarterly month or the second-nearest March Quarterly month, and for all Mid-Curve options, the minimum price fluctuation shall be 0.005 IMM Index points (equal to \$12.50 per option contract), provided that trade may occur at a price level of 0.0025 IMM Index point (equal to \$6.25 per option contract), whether or not such trade results in liquidation of positions for both parties to such trade.

4. Option Spreads and Combinations

All option spreads and combinations shall trade in minimum price increments of 0.005 IMM Index points, subject to the following exceptions:

- (a) An option spread or combination may trade in minimum price increments of 0.0025 IMM Index points if (i) such option spread or combination comprises only Quarterly Standard Options Expiring in the Nearest March Quarterly Month (Rule 460A01.C.1.), and (ii) all option contracts that are components of such spread or combination are for the nearest monthly option expiration date.
- (b) An option spread or combination may trade in minimum price increments of 0.0025 IMM Index points if such option spread or combination (i) trades at a net premium not greater than 0.05 IMM Index points and not less than -0.05 IMM Index points and (ii) comprises only such options as are specified in Rule 460A01.C.1. and/or Rule 460A01.C.2.

For the avoidance of doubt, any option spread or combination that comprises one or more options specified in Rule 460A01.C.3. shall trade in minimum price increments of 0.005 IMM Index points.

For the purpose of Rule 813 for Settlement Prices, the minimum price fluctuation for all options shall be 0.0025 IMM Index point (equal to \$6.25 per option contract).

Where the price of an option is quoted in volatility terms, the minimum fluctuation shall be 0.05 percent.

460A01.D. Underlying Futures Contracts

1. Options in the March Quarterly Cycle (“Quarterly Standard Options”)

For options that expire in any month in the March quarterly cycle (i.e., March, June, September, and December), excluding those Mid-Curve or Monthly options specified in Paragraphs 3, 4, 5, 6, 7, 8, or 9 of this Rule, the underlying futures contract is the futures contract for which the contract Reference Quarter (Rule 46003.A.1.) begins on the third Wednesday of the month in which such options expire.

Example: For a given year, the underlying futures contract for an option that expires in March is the futures contract for which the contract Reference Quarter begins on (and includes) the third Wednesday of March and ends on (and does not include) the third Wednesday of June.

2. Options Not in the March Quarterly Cycle (“Serial Standard Options”)

For options that expire in any month not in the March quarterly cycle, (i.e., January, February, April, May, July, August, October, and November), excluding those Mid-Curve or Monthly options specified in Paragraphs 3, 4, 5, 6, 7, 8, or 9 of this Rule, the underlying futures contract is the futures contract for which the contract Reference Quarter (Rule 46003.A.1.) begins on the third Wednesday of the next month in the March quarterly cycle that is nearest the expiration of such options.

Example: For a given year, the underlying futures contract for an option that expires in either January or February is the futures contract for which the contract Reference Quarter begins on (and includes) the third Wednesday of March and ends on (and does not include) the third Wednesday of June.

3. One-Year Mid-Curve Options

One-Year Mid-Curve Options in the March Quarterly Cycle (“Quarterly One-Year Mid-Curve Options”)

For One-Year Mid-Curve options that expire in any month in the March quarterly cycle, the underlying futures contract is the futures contract for which the contract Reference Quarter (Rule 46003.A.1.) begins on the third Wednesday of the 12th calendar month following the month in which such options expire.

Example: The underlying futures contract for the Quarterly One-Year Mid-Curve options that expire in September of a given year is the futures contract for which the contract Reference Quarter begins on (and includes) the third Wednesday of September one (1) year hence and ends on (and does not include) the third Wednesday of December one (1) year hence.

One-Year Mid-Curve Options Not in the March Quarterly Cycle (“Serial One-Year Mid-Curve Options”)

For One-Year Mid-Curve Options that expire in any month other than those in the March quarterly cycle, the underlying futures contract is the futures contract for which the contract Reference Quarter (Rule 46003.A.1.) begins on the third Wednesday of the 12th calendar month following the next March quarterly month that is nearest to the expiration of such options.

Example: The underlying futures contract for the Serial One-Year Mid-Curve options that expire in April or May of a given year is the futures contract for which the contract Reference Quarter begins on (and includes) the third Wednesday of June one (1) year hence and ends on (and does not include) the third Wednesday of September one (1) year hence.

Weekly One-Year Mid-Curve Options

For Weekly One-Year Mid-Curve Options, the underlying futures contract is the futures contract for which the contract Reference Quarter (Rule 46003.A.1.) begins on the third Wednesday of the 12th calendar month following the next March quarterly month that is nearest to the expiration of such options.

4. Two-Year Mid-Curve Options

Two-Year Mid-Curve Options in the March Quarterly Cycle (“Quarterly Two-Year Mid-Curve Options”)

For Two-Year Mid-Curve options that expire in any month in the March quarterly cycle, the underlying futures contract is the futures contract for which the contract Reference Quarter (Rule 46003.A.1.) begins on the third Wednesday of the 24th calendar month following the month in which such options expire.

Example: The underlying futures contract for the Quarterly Two-Year Mid-Curve options that expire in September of a given year is the futures contract for which the contract Reference Quarter begins on (and includes) the third Wednesday of September two (2)

years hence and ends on (and does not include) the third Wednesday of December two (2) years hence.

Two-Year Mid-Curve Options Not in the March Quarterly Cycle (“Serial Two-Year Mid-Curve Options”)

For Two-Year Mid-Curve Options that expire in any month other than those in the March quarterly cycle, the underlying futures contract is the futures contract for which the contract Reference Quarter (Rule 46003.A.1.) begins on the third Wednesday of the 24th calendar month following the next March quarterly month that is nearest to the expiration of such options.

Example: The underlying futures contract for the Serial Two-Year Mid-Curve options that expire in April or May of a given year is the futures contract for which the contract Reference Quarter begins on (and includes) the third Wednesday of June two (2) years hence and ends on (and does not include) the third Wednesday of September two (2) year hence.

Weekly Two-Year Mid-Curve Options

For Weekly Two-Year Mid-Curve Options, the underlying futures contract is the futures contract for which the contract Reference Quarter (Rule 46003.A.1.) begins on the third Wednesday of the 24th calendar month following the next March quarterly month that is nearest to the expiration of such options.

5. Three-Year Mid-Curve Options

Three-Year Mid-Curve Options in the March Quarterly Cycle (“Quarterly Three-Year Mid-Curve Options”)

For Three-Year Mid-Curve options that expire in any month in the March quarterly cycle, the underlying futures contract is the futures contract for which the contract Reference Quarter (Rule 46003.A.1.) begins on the third Wednesday of the 36th calendar month following the month in which such options expire.

Example: The underlying futures contract for the Quarterly Three-Year Mid-Curve options that expire in September of a given year is the futures contract for which the contract Reference Quarter begins on (and includes) the third Wednesday of September three (3) years hence and ends on (and does not include) the third Wednesday of December three (3) years hence.

Three-Year Mid-Curve Options Not in the March Quarterly Cycle (“Serial Three-Year Mid-Curve Options”)

For Three-Year Mid-Curve Options that expire in any month other than those in the March quarterly cycle, the underlying futures contract is the futures contract for which the contract Reference Quarter (Rule 46003.A.1.) begins on the third Wednesday of the 36th calendar month following the next March quarterly month that is nearest to the expiration of such options.

Example: The underlying futures contract for the Serial Three-Year Mid-Curve options that expire in April or May of a given year is the futures contract for which the contract Reference Quarter begins on (and includes) the third Wednesday of June three (3) years hence and ends on (and does not include) the third Wednesday of September three (3) year hence.

Weekly Three-Year Mid-Curve Options

For Weekly Three-Year Mid-Curve Options, the underlying futures contract is the futures contract for which the contract Reference Quarter (Rule 46003.A.1.) begins on the third Wednesday of the 36th calendar month following the next March quarterly month that is nearest to the expiration of such options.

6. Four-Year Mid-Curve Options

Four-Year Mid-Curve Options in the March Quarterly Cycle (“Quarterly Four-Year Mid-Curve Options”)

For Four-Year Mid-Curve options that expire in any month in the March quarterly cycle, the underlying futures contract is the futures contract for which the contract Reference Quarter (Rule 46003.A.1.) begins on the third Wednesday of the 48th calendar month following the month in which such options expire.

Example: The underlying futures contract for the Quarterly Four-Year Mid-Curve options that expire in September of a given year is the futures contract for which the contract Reference Quarter begins on (and includes) the third Wednesday of September four (4) years hence and ends on (and does not include) the third Wednesday of December four (4) years hence.

Four-Year Mid-Curve Options Not in the March Quarterly Cycle (“Serial Four-Year Mid-Curve Options”)

For Four-Year Mid-Curve Options that expire in any month other than those in the March quarterly cycle, the underlying futures contract is the futures contract for which the contract Reference Quarter (Rule 46003.A.1.) begins on the third Wednesday of the 48th calendar month following the next March quarterly month that is nearest to the expiration of such options.

Example: The underlying futures contract for the Serial Four-Year Mid-Curve options that expire in April or May of a given year is the futures contract for which the contract Reference Quarter begins on (and includes) the third Wednesday of June four (4) years hence and ends on (and does not include) the third Wednesday of September four (4) year hence.

7. Five-Year Mid-Curve Options

Five-Year Mid-Curve Options in the March Quarterly Cycle (“Quarterly Five-Year Mid-Curve Options”)

For Five-Year Mid-Curve options that expire in any month in the March quarterly cycle, the underlying futures contract is the futures contract for which the contract Reference Quarter (Rule 46003.A.1.) begins on the third Wednesday of the 60th calendar month following the month in which such options expire.

Example: The underlying futures contract for the Quarterly Five-Year Mid-Curve options that expire in September of a given year is the futures contract for which the contract Reference Quarter begins on (and includes) the third Wednesday of September five (5) years hence and ends on (and does not include) the third Wednesday of December five (5) years hence.

Five-Year Mid-Curve Options Not in the March Quarterly Cycle (“Serial Five-Year Mid-Curve Options”)

For Five-Year Mid-Curve Options that expire in any month other than those in the March quarterly cycle, the underlying futures contract is the futures contract for which the contract Reference Quarter (Rule 46003.A.1.) begins on the third Wednesday of the 60th calendar month following the next March quarterly month that is nearest to the expiration of such options.

Example: The underlying futures contract for the Serial Five-Year Mid-Curve options that expire in April or May of a given year is the futures contract for which the contract Reference Quarter begins on (and includes) the third Wednesday of June five (5) years hence and ends on (and does not include) the third Wednesday of September five (5) year hence.

8. Monthly Options - Nearby Quarterly

For Monthly Options - Nearby Quarterly, each options contract has three underlying futures contracts.

The first of three underlying futures contracts is the futures for which the contract Reference Quarter (Rule 46003.A.1) begins on the third Wednesday of the third calendar month following the quarterly

month whose reference quarter begins on the third Wednesday of the quarterly month immediately after the expiration of such options.

The second of three underlying futures contracts is the futures for which the contract Reference Quarter (Rule 46003.A.1) begins on the third Wednesday of the sixth calendar month following the quarterly month whose reference quarter begins on the third Wednesday of the quarterly month immediately after the expiration of such options.

The third of three underlying futures contracts is the futures for which the contract Reference Quarter (Rule 46003.A.1) begins on the third Wednesday of the ninth calendar month following the quarterly month whose reference quarter begins on the third Wednesday of the quarterly month immediately after the expiration of such options.

Example: The first of three underlying futures contracts for the Monthly Options - Nearby Quarterly that expire in March of a given year is the futures contract futures for which the contract Reference Quarter begins on (and includes) the third Wednesday of the following June and ends on (and does not include) the third Wednesday of the following September.

The second of three underlying futures contracts for the Monthly Options - Nearby Quarterly that expire in March of a given year is the futures contract futures for which the contract Reference Quarter begins on (and includes) the third Wednesday of the following September and ends on (and does not include) the third Wednesday of the following December.

The third of three underlying futures contracts for the Monthly Options - Nearby Quarterly that expire in March of a given year is the futures contract futures for which the contract Reference Quarter begins on (and includes) the third Wednesday of the following December and ends on (and does not include) the third Wednesday of the following March.

9. Monthly Options - Deferred Quarterly

For Monthly Options - Deferred Quarterly, each options contract has three underlying futures contracts.

The first of three underlying futures contracts is the futures for which the contract Reference Quarter (Rule 46003.A.1) begins on the third Wednesday of the fifteenth calendar month following the quarterly month whose reference quarter begins on the third Wednesday of the quarterly month immediately after the expiration of such options.

The second of three underlying futures contracts is the futures for which the contract Reference Quarter (Rule 46003.A.1) begins on the third Wednesday of the eighteenth calendar month following the quarterly month whose reference quarter begins on the third Wednesday of the quarterly month immediately after the expiration of such options.

The third of three underlying futures contracts is the futures for which the contract Reference Quarter (Rule 46003.A.1) begins on the third Wednesday of the twenty-first calendar month following the quarterly month whose reference quarter begins on the third Wednesday of the quarterly month immediately after the expiration of such options.

Example: The first of three underlying futures contracts for the Monthly Options - Deferred Quarterly that expire in March of a given year is the futures contract futures for which the contract Reference Quarter begins on (and includes) the third Wednesday of the following June one year hence and ends on (and does not include) the third Wednesday of the following September one year hence.

The second of three underlying futures contracts for the Monthly Options - Deferred Quarterly that expire in March of a given year is the futures contract futures for which the contract Reference Quarter begins on (and includes) the third Wednesday of the following September one year hence and ends on (and does not include) the third Wednesday of the following December one year hence.

The third of three underlying futures contracts for the Monthly Options - Deferred Quarterly that expire in March of a given year is the futures contract futures for which the contract Reference Quarter begins on (and includes) the third Wednesday of the following December one year hence and ends on (and does not include) the third Wednesday of the following March one year hence.

460A01.E. Exercise Prices

1. Twenty-Five Point Exercise Prices

For options for a given expiration date that are exercisable into a given underlying futures contract, exercise prices shall be stated in terms of the IMM Index for such underlying futures contract and shall be stated in intervals whose last two digits are 00, 25, 50, or 75 ("twenty-five point exercise prices") for all IMM Index levels, e.g., 88.00, 88.25, 88.50, 88.75.

The Exchange shall list put and call options for trading at the exercise price that is nearest the previous day's settlement price of such underlying futures contract ("at-the-money exercise price") and at all eligible exercise prices in a range from 5.50 IMM Index points above to 5.50 IMM Index points below such at-the-money exercise price. Thereafter until termination of trading in such options, the Exchange shall ensure that put and call options are listed for trading on each day at all eligible exercise prices in a range from 5.50 IMM Index points above to 5.50 IMM Index points below the at-the-money exercise price for such underlying futures contract. New options may be listed for trading up to and including the termination of trading.

2. Special Listings of 12.5 Point Exercise Prices

For options for a given expiration date that are exercisable into a given underlying futures contract, with the exception of certain option expiries with 6.25 Point Exercise Prices (Rule 460A01.E.3.), additional exercise prices shall be stated in intervals whose last three digits are 12.5, 37.5, 62.5, or 87.5 ("12.5 point exercise prices") for all IMM Index levels, e.g., 93.125, 93.375, 93.625, 93.875.

The Exchange shall ensure that put and call options are listed for trading on each day at all such 12.5 point exercise prices in a range from 1.50 IMM Index points above to 1.50 IMM Index points below the at-the-money exercise price for such underlying futures contract.

3. Special Listings of 6.25 Point Exercise Prices

From time to time as determined by the Exchange, additional exercise prices for selected expiries will be made available in intervals whose last four digits are 06.25, 12.50, 18.75, 31.25, 37.50, 43.75, 56.25, 62.50, 68.75, 81.25, 87.50, or 93.75 ("6.25 point exercise prices") for all IMM Index levels, e.g., 93.0625, 93.1250, 93.1875, 93.3125, 93.3750, 93.4375, 93.5625, 93.6250, 93.6875, 93.8125, 93.8750, 93.9375.

Until termination of trading in such options, the Exchange shall ensure that put and call options are listed for trading on each day at all such 6.25 point exercise prices in a range from 1.50 IMM Index points above to 1.50 IMM Index points below the at-the-money exercise price for such underlying futures contract.

4. Dynamically-Listed Exercise Prices

Upon demand and at the discretion of the Exchange, a new option contract with an out-of-current-range exercise price may be added, on an as-soon-as-possible basis, provided that the last two digits of the exercise price of such newly added option contract must be 00, 25, 50, or 75 (e.g., 88.00, 88.25, 88.50, 88.75).

The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

460A01.F. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, 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.

460A01.G.-I. [Reserved]

460A01.J. Termination of Trading

1. All Options Excluding Weekly Mid-Curve Options

Trading in any Quarterly Standard Option, Serial Standard Option, Quarterly Mid-Curve Option, ~~or~~Serial Mid-Curve Option, or Monthly Options shall terminate at the close of trading on the Friday preceding the third Wednesday of the month in which such option expires. If such Friday is a scheduled Exchange holiday, then trading shall terminate on the immediately preceding Business Day. In the event that the underlying futures market for such option does not open on the day scheduled for termination of trading in such option, then trading in such option shall be extended to the next day on which the underlying futures market is open for trading.

2. Weekly Mid-Curve Options

Trading in Weekly Mid-Curve options shall terminate at the close of trading on any Friday that is not also scheduled for termination of trading in Quarterly Mid-Curve Options or Serial Mid-Curve Options. If such Friday is a scheduled Exchange holiday, then trading shall terminate on the immediately preceding Business Day. In the event that the underlying futures market for such option does not open on the day scheduled for termination of trading in such option, then trading in such option shall be extended to the next day on which the underlying futures market is open for trading.

460A01.K. [Reserved]

460A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of SOFR options.

460A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer on any Business Day that the option is traded. To exercise an option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 5:30 p.m. on the day of exercise.

An option that is in the money and has not been liquidated or exercised prior to the termination of trading in such option shall be exercised automatically, in the absence of contrary instructions delivered to the Clearing House no later than 5:30 p.m. on the last day of trading by the clearing member representing the option buyer. An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies strictly above the exercise price in the case of a call, or lies strictly below the exercise price in the case of a put.

460A02.B. Assignment

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes before the opening of Regular Trading Hours in the underlying futures contract on the following Business Day.

The clearing member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call is exercised or a long position if a put is exercised. The clearing member

representing the option buyer shall be assigned a long position in the underlying futures contract if a call is exercised and a short position if a put is exercised. All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the Trading Day of acceptance by the Clearing House of the exercise notice.

460A03. [RESERVED]

(End Chapter 460A)

Appendix B

CME Rulebook

Chapter 5

(“Trading Qualifications and Practices”)

Position Limit, Position Accountability, and Reportable Level Table

(attached under separate cover)

Appendix C

CME Rulebook

Chapter 5

(“Trading Qualifications and Practices”)

Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table

(additions underscored)

Instrument	Globex Symbol	Globex Non-Reviewable Ranges (NRR)
<u>Monthly Options on Three-Month SOFR Futures - Nearby March</u>	<u>1YH</u>	<u>2 Basis Points</u>
<u>Monthly Options on Three-Month SOFR Futures - Nearby June</u>	<u>1YM</u>	
<u>Monthly Options on Three-Month SOFR Futures - Nearby September</u>	<u>1YU</u>	

<u>Monthly Options on Three-Month SOFR Futures - Nearby December</u>	<u>1YZ</u>
<u>Monthly Options on Three-Month SOFR Futures - Deferred March</u>	<u>2YH</u>
<u>Monthly Options on Three-Month SOFR Futures - Deferred June</u>	<u>2YM</u>
<u>Monthly Options on Three-Month SOFR Futures - Deferred September</u>	<u>2YU</u>
<u>Monthly Options on Three-Month SOFR Futures - Deferred December</u>	<u>2YZ</u>

Appendix D

CME Rulebook

Chapter 5

(“Trading Qualifications and Practices”)

Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table

(additions underscored)

Product	RULEBOOK CHAPTER	COMMODITY CODE	PRIMARY/ ASSOCIATED	ASSOCIATED WITH	Dynamically Calculated Variant - All Hours
<u>Monthly Options on Three-Month SOFR Futures - Nearby March</u>	<u>480A</u>	<u>1YH</u>	<u>Associated</u>	<u>SR3</u>	
<u>Monthly Options on Three-Month SOFR Futures - Nearby June</u>	<u>480A</u>	<u>1YM</u>	<u>Associated</u>	<u>SR3</u>	
<u>Monthly Options on Three-Month SOFR Futures - Nearby September</u>	<u>480A</u>	<u>1YU</u>	<u>Associated</u>	<u>SR3</u>	
<u>Monthly Options on Three-Month SOFR Futures - Nearby December</u>	<u>480A</u>	<u>1YZ</u>	<u>Associated</u>	<u>SR3</u>	
<u>Monthly Options on Three-Month SOFR Futures - Deferred March</u>	<u>480A</u>	<u>2YH</u>	<u>Associated</u>	<u>SR3</u>	
<u>Monthly Options on Three-Month SOFR Futures - Deferred June</u>	<u>480A</u>	<u>2YM</u>	<u>Associated</u>	<u>SR3</u>	
<u>Monthly Options on Three-Month SOFR Futures - Deferred September</u>	<u>480A</u>	<u>2YU</u>	<u>Associated</u>	<u>SR3</u>	
<u>Monthly Options on Three-Month SOFR Futures - Deferred December</u>	<u>480A</u>	<u>2YZ</u>	<u>Associated</u>	<u>SR3</u>	

Appendix E

Exchange Fees

Membership Type	Venue/Transaction Type	Fee
Individual Members Clearing Members Rule 106.J Equity Member Firms & Rule 106.J Qualified Subsidiaries Rule 106.I Members & Rule 106.I Qualified Affiliates Rule 106.S Member Approved Funds	Open Outcry/Delivery	\$0.17
	CME Globex	\$0.22
	EFP EFR Block	\$0.34
	Exe Asn Future From	\$0.14
Rule 106.D Lessees Rule 106.F Employees	Open Outcry/Delivery	\$0.30
	CME Globex	\$0.42
	EFP EFR Block	\$0.55
	Exe Asn Future From	\$0.35
Rule 106.R Electronic Corporate Members (For other than CME Globex - Non-Member rates apply)	CME Globex	\$0.49
	EFP EFR Block	\$0.84
Rule 106.H and 106.N Firms	Open Outcry/Delivery	\$0.49
	CME Globex	\$0.49
	EFP EFR Block	\$0.69
	Exe Asn Future From	\$0.54
International Incentive Program (IIP) Participants International Volume Incentive Program (IVIP) Participants (For other than CME Globex - Non-Member rates apply)	Open Outcry/Delivery	\$0.50
	CME Globex	\$0.50
	EFP EFR Block	\$0.99
	Exe Asn Future From	\$0.69
Latin American Fund Manager Incentive Program (FMIP) Participants (For other than CME Globex - Non-Member rates apply)	Open Outcry/Delivery	\$0.62
	CME Globex	\$0.64
	EFP EFR Block	\$0.99
	Exe Asn Future From	\$0.69
Members Trading Outside of Division (For other than CME Globex During ETH - Non-Member rates apply)	CME Globex During ETH Only	\$0.79
Non-Members	Open Outcry/Delivery	\$0.75
	CME Globex	\$0.89
	EFP EFR Block	\$0.99
	Exe Asn Future From	\$0.69

Processing Fees	Fee
Position Adjustment/Position Transfer	\$0.10
Give-Up Surcharge	\$0.05
Facilitation Fee	\$0.00
106.D Lessee/106.F Employee/106.H Brokerage	\$0.13
Floor / "New" Brokerage	\$0.04