

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): **14-268**

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

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): **August 4, 2014** Filing Description: **Delist Flexible Options on Futures for Class 3 Milk, Class 4 Milk, Butter, Live Cattle, Feeder Cattle, Lean Hogs, and Random Length Lumber.**

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

**Rule Numbers:**

**New Product**

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

**Official Product Name:**

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

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

**Official Name(s) of Product(s) Affected:** **Class 3 Milk, Class 4 Milk, Butter, Live Cattle, Feeder Cattle, Lean Hogs, and Random Length Lumber**

**Rule Numbers:** CME Rule Chapter 52A-Rules 52A30 to 52A38-Class 3 Milk Flexible Options; CME Rule Chapter 55A-Rules 55A30 to 55A38-Class 4 Milk Flexible Options; CME Rule Chapter 56A-Rules 56A30 to 56A38-Butter Flexible Options; CME Rule Chapter 101A-Rules 101A30 to 101A38-Live Cattle Flexible Options; CME Rule Chapter 102A-Rules 102A30 to 102A38-Feeder Cattle Flexible Options; CME Rule Chapter 152A-Rules 152A30 to 152A38-Lean Hogs Flexible Options; CME Rule Chapter 201A-Rules 201A30 to 201A38-Random Length Lumber Flexible Options

August 4, 2014

**VIA ELECTRONIC PORTAL**

Ms. Melissa Jurgens  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

**RE: CFTC Regulation 40.6(a) Certification. Notification Regarding the Delisting of  
Seventeen (17) Flexible Options Contracts.  
CME Submission No. 14-268**

Dear Ms. Jurgens:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying the delisting of seventeen (17) flexible options contracts, effective immediately, as set out in the table below:

Product Name	Clearing Code	CME Rules
Feeder Cattle-American style flex	8F	102A30 to 102A38
Feeder Cattle-European flex	9F	102A30 to 102A38
Feeder Cattle-Long dated flex	9F1	102A30 to 102A38
Lean Hogs-American style flex	8H	152A30 to 152A38
Lean Hogs-European style flex	9H	152A30 to 152A38
Lean Hogs-Long dated flex	9H1	152A30 to 152A38
Live Cattle-American style flex	8K	101A30 to 101A38
Live Cattle-European style flex	9K	101A30 to 101A38
Live Cattle-Long dated flex	9K1	101A30 to 101A38
Class 3 Milk-American style flex	8M	52A30 to 52A38
Class 3 Milk-American style flex	9M	52A30 to 52A38
Class 3 Milk-Long dated flex	9M1	52A30 to 52A38
Class 4 Milk-American style flex	8X	55A30 to 55A38
Class 4 Milk-European style flex	9X	55A30 to 55A38
Class 4 Milk-Long dated flex	9X1	55A30 to 55A38
Butter flex	None	56A30 to 56A38
Random Length Lumber flex	None	201A30 to 201A38

These contracts will be delisted on the CME trading floor, the only venue on which they were listed. There is no open interest in these contracts.

The contract product rules will be deleted from the CME Rulebook (See Appendix A).

CME business staff responsible for the delisting of the contracts and the Legal Department collectively reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”). During the review, CME staff identified that the delisting of the contracts may have some bearing on the following Core Principles:

- **Emergency Authority:** There is no open interest in these contracts, and therefore there will be no market disruption related to their delisting.

- Availability of General Information: The Exchange will make publicly available the details of the contracts' delisting by publishing a notice to the market. Furthermore, the Exchange will update the CME rulebook to reflect the delisting of the contracts.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the trading venue change complies with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

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

Should you have any questions concerning the above, please contact me at (212) 299-2200 or via e-mail at [Christopher.Bowen@cmegroup.com](mailto:Christopher.Bowen@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Appendix A – CME Rulebook Amendments (blackline format)

## Appendix A

### CME Rulebook

## Chapter 52A Options on Class III Milk Futures

### **FLEXIBLE CLASS III MILK OPTIONS**

#### **52A30. SCOPE OF FLEXIBLE OPTION RULES**

Unless otherwise noted below, the following flexible option rules supersede the standard option regulations presented in the earlier part of the chapter.

#### **52A31. FLEXIBLE OPTION CHARACTERISTICS**

##### **52A31.A. Nature of Flexible Contracts**

Flexible options on Class III Milk futures shall be permitted in puts and calls that do not have the same underlying futures contract, and the same strike price, and the same exercise style, and the same Expiration Date as the standard listed options that are already available for trading.

Trading in standard options under certain flexible trading procedures shall be permitted prior to the listing of such options. Once and if these options are listed for trading as standard options, they will be traded only as standard options subject to the standard option trading requirements. Upon such listing, all existing open positions established under flexible procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

##### **52A31.B. Trading Unit**

The minimum size for requesting a quote and/or trading in a flexible option series is 10 contracts, where each contract represents an option to buy, in the case of a call, or to sell, in the case of a put, one Class III Milk futures contract as specified in Chapter 52. However, parties may request a quote and/or trade for less than 10 contracts in order to entirely close out a position in a flexible series.

Respondents to a request for quote must be willing to trade at least 10 contracts. However, a respondent may trade less than 10 contracts if the respondent is entirely closing out a position in the series.

##### **52A31.C. Minimum Fluctuations**

(Refer to Rule 52A01.C.—Minimum Fluctuations)

##### **52A31.D. Underlying Futures Contracts**

The underlying futures contract for a flexible option shall be any Class III Milk futures contract that is currently available for trading, as specified in Chapter 52.

##### **52A31.E. Exercise Prices**

Exercise prices shall be stated in terms of the Class III Milk futures contract that is deliverable upon exercise of the option and may be at intervals of \$0.05 per hundredweight for all levels from \$0.05 to 1,000; e.g., 11.05, 11.10.

##### **52A31.F-H [Reserved]**

##### **52A31.I. Termination of Trading**

Flexible option Expiration Dates may be specified for any Exchange Business Day up to and including the last Trading Day of the underlying futures contract.

A new flexible option series may not be opened on its last day of trading. However, an existing flexible option series may be traded on its last day of trading.

##### **52A31.J. [Reserved]**

#### **52A32. FLEXIBLE OPTION EXERCISE**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on Class III Milk futures.

##### **52A32.A. Exercise of Flexible Option by Buyer**

Flexible options may be specified to have either American-style or European-style exercise.

A flexible option with American-style exercise may be exercised by the buyer on any Business Day that the option is traded and also on its Expiration Date. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

A flexible option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

Any flexible option that is in the money and has not been liquidated or exercised prior to its Expiration Date shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day following the termination of trading by the clearing member representing the option buyer, be exercised automatically.

##### **52A32.B. Assignment**

(Refer to Rule 52A02.B.—Assignment)

##### **52A33. [RESERVED]**

#### **52A34. INITIATING A FLEXIBLE OPTION CONTRACT SERIES**

For each trading session, the opening of trading in any flexible option series shall occur through a Request For Quote (RFQ). No RFQ's will be accepted prior to ten minutes after the daily scheduled opening time of the underlying futures. No RFQ's will be accepted within thirty minutes of the daily scheduled closing time of the underlying futures.

#### **52A35. RESPONSE TIME INTERVAL**

No trades against the first RFQ submitted for a flexible option series on any Trading Day may occur prior to the end of the Response Time Interval. The Response Time Interval shall be a 5 minute period and will begin immediately upon acceptance of an RFQ by the designated flexible option pit official. The designated flexible option pit official shall signal the end of the Response Time Interval for each RFQ.

#### **52A36. RFQ TRADING INTERVAL**

A flexible option series shall be immediately open for trading following the Response Time Interval. Priority for RFQ's is determined by order of submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally.

#### **52A37. EXPIRATION OF AN RFQ**

Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session.

#### **52A38. REPORTING OF FLEXIBLE OPTION TRADES**

It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the designated flexible option pit official in a timely manner, including any later trades in open flexible contract term series.

(End Chapter 52A)

## **Chapter 55A Options on Class IV Milk Futures**

### **FLEXIBLE CLASS IV MILK OPTIONS**

#### **55A30. SCOPE OF FLEXIBLE OPTION RULES**

Unless otherwise noted below, the following flexible option rules supersede the standard option regulations presented in the earlier part of the chapter.

#### **55A31. FLEXIBLE OPTION CHARACTERISTICS**

##### **55A31.A. Nature of Flexible Contracts**

Flexible options on Class IV Milk futures shall be permitted in puts and calls that do not have the same underlying futures contract, and the same strike price, and the same exercise style, and the same Expiration Date as the standard listed options that are already available for trading.

Trading in standard options under certain flexible trading procedures shall be permitted prior to the listing of such options. Once and if these options are listed for trading as standard options, they will be traded only as standard options subject to the standard option trading requirements. Upon such listing, all existing open positions established under flexible procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

##### **55A31.B. Trading Unit**

The minimum size for requesting a quote and/or trading in a flexible option series is 10 contracts, where each contract represents an option to buy, in the case of a call, or to sell, in the case of a put, one Class IV Milk futures contract as specified in Chapter 55. However, parties may request a quote and/or trade for less than 10 contracts in order to entirely close out a position in a flexible series.

Respondents to a request for quote must be willing to trade at least 10 contracts. However, a respondent may trade less than 10 contracts if the respondent is entirely closing out a position in the series.

##### **55A31.C. Minimum Fluctuations**

(Refer to Rule 55A01.C. — Minimum Fluctuations)

##### **55A31.D. Underlying Futures Contracts**

The underlying futures contract for a flexible option shall be any Class IV Milk futures contract that is currently available for trading, as specified in Chapter 55.

##### **55A31.E. Exercise Prices**

Exercise prices shall be stated in terms of the Class IV Milk futures contract that is deliverable upon exercise of the option and may be at intervals of \$0.05 per hundredweight for all levels from \$0.05 to 1,000; e.g., 11.05, 11.10.

##### **55A31.F. Position Limits, Exemptions, Position Accountability and Reportable Levels**

(Refer to Rule 55A01.F — Position Limits, Exemptions, Position Accountability and Reportable Levels)

##### **55A31.G. [Reserved]**

##### **55A31.H. [Reserved]**

##### **55A31.I. Termination of Trading**

Flexible option Expiration Dates may be specified for any Exchange Business Day up to and including the last Trading Day of the underlying futures contract.

A new flexible option series may not be opened on its last day of trading. However, an existing flexible option series may be traded on its last day of trading.

**55A31.J. [Reserved]**

**55A32. FLEXIBLE OPTION EXERCISE**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on Class IV Milk futures.

**55A32.A. Exercise of Flexible Option by Buyer**

Flexible options may be specified to have either American-style or European-style exercise.

A flexible option with American-style exercise may be exercised by the buyer on any Business Day that the option is traded and also on its Expiration Date. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

A flexible option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

Any flexible option that is in the money and has not been liquidated or exercised prior to its Expiration Date shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day following the termination of trading by the clearing member representing the option buyer, be exercised automatically.

**55A32.B. Assignment**

(Refer to Rule 55A02.B.—Assignment)

**55A33. [RESERVED]**

**55A34. INITIATING A FLEXIBLE OPTION CONTRACT SERIES**

For each trading session, the opening of trading in any flexible option series shall occur through a Request For Quote (RFQ). No RFQ's will be accepted prior to ten minutes after the daily scheduled opening time of the underlying futures. No RFQ's will be accepted within thirty minutes of the daily scheduled closing time of the underlying futures.

**55A35. RESPONSE TIME INTERVAL**

No trades against the first RFQ submitted for a flexible option series on any Trading Day may occur prior to the end of the Response Time Interval. The Response Time Interval shall be a 5 minute period and will begin immediately upon acceptance of an RFQ by the designated flexible option pit official. The designated flexible option pit official shall signal the end of the Response Time Interval for each RFQ.

**55A36. RFQ TRADING INTERVAL**

A flexible option series shall be immediately open for trading following the Response Time Interval. Priority for RFQ's is determined by order of submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally.

**55A37. EXPIRATION OF AN RFQ**

Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session.

**55A38. REPORTING OF FLEXIBLE OPTION TRADES**

It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the designated flexible option pit official in a timely manner, including any later trades in open flexible contract term series.

(End Chapter 55A)

## Chapter 56A Options on Cash-Settled Butter Futures

**FLEXIBLE CASH-SETTLED BUTTER OPTIONS**

**56A30. SCOPE OF FLEXIBLE OPTION RULES**

Unless otherwise noted below, the following flexible option rules supersede the standard option regulations presented in the earlier part of the chapter

**56A31. FLEXIBLE OPTION CHARACTERISTICS**

**56A31. A. Nature of Flexible Contracts**

Flexible options on Cash-Settled Butter futures shall be permitted in puts and calls that do not have the same underlying futures contract, and the same strike price, and the same exercise style, and the same Expiration Date as the standard listed options that are already available for trading.

Trading in standard options under certain flexible trading procedures shall be permitted prior to the listing of such options. Once and if these options are listed for trading as standard options, they will be traded only as standard options subject to the standard option trading requirements. Upon such listing, all existing open positions established under flexible procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

**56A31. B. Trading Unit**

The minimum size for requesting a quote and/or trading in a flexible option series is 10 contracts, where each contract represents an option to buy, in the case of a call, or to sell, in the case of a put, one Cash-Settled Butter futures contract as specified in Chapter 56. However, parties may request a quote and/or trade for less than 10 contracts in order to entirely close out a position in a flexible series.

Respondents to a request for quote must be willing to trade at least 10 contracts. However, a respondent may trade less than 10 contracts if the respondent is entirely closing out a position in the series.

#### **56A31.C. Minimum Fluctuations**

(Refer to Rule 56A01.C.—Minimum Fluctuations)

#### **56A31.D. Underlying Futures Contracts**

The underlying futures contract for a flexible option shall be any Cash-Settled Butter futures contract that is currently available for trading, as specified in Chapter 56.

#### **56A31.E. Exercise Prices**

Exercise prices shall be stated in terms of the Cash-Settled Butter futures contract that is deliverable upon exercise of the option and may be at intervals of \$0.25 cents per pound for all levels from 0.25 to 1,000; e.g., 100.25, 100.50.

#### **56A31.F. Position Limits, Exemptions, Position Accountability and Reportable Levels**

(Refer to Rule 56A01.F.—Position Limits, Exemptions, Position Accountability and Reportable Levels)

#### **56A31.G. [Reserved]**

#### **56A31.H. [Reserved]**

#### **56A31.I. Termination of Trading**

Flexible option Expiration Dates may be specified for any Exchange Business Day up to and including the first Friday of the delivery month of the underlying futures contract. If that Friday is not a Business Day, then Expiration Dates may be specified for any Exchange Business Day up to and including the immediately preceding Business Day.

A new flexible option series may not be opened on its last day of trading. However, an existing flexible option series may be traded on its last day of trading.

#### **56A31.J. [Reserved]**

### **56A32. FLEXIBLE OPTION EXERCISE**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on Cash-Settled Butter futures.

#### **56A32.A. Exercise of Flexible Option by Buyer**

Flexible options may be specified to have either American-style or European-style exercise.

A flexible option with American-style exercise may be exercised by the buyer on any Business Day that the option is traded and also on its Expiration Date. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

A flexible option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m., on the day of exercise.

Any flexible option that is in the money and has not been liquidated or exercised prior to its Expiration Date shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of termination of trading by the clearing member representing the option buyer, be exercised automatically.

#### **56A32.B. Assignment**

(Refer to Rule 56A02.B.—Assignment)

#### **56A33. [RESERVED]**

### **56A34. INITIATING A FLEXIBLE OPTION CONTRACT SERIES**

For each trading session, the opening of trading in any flexible option series shall occur through a Request For Quote (RFQ). No RFQ's will be accepted prior to ten minutes after the daily scheduled opening time of the underlying futures. No RFQ's will be accepted within thirty minutes of the daily scheduled closing time of the underlying futures.

### **56A35. RESPONSE TIME INTERVAL**

No trades against the first RFQ submitted for a flexible option series on any Trading Day may occur prior to the end of the Response Time Interval. The Response Time Interval shall be a 5 minute period and will begin immediately upon acceptance of an RFQ by the designated flexible option pit official. The designated flexible option pit official shall signal the end of the Response Time Interval for each RFQ.

### **56A36. RFQ TRADING INTERVAL**

A flexible option series shall be immediately open for trading following the Response Time Interval. Priority for RFQ's is determined by order of submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally.

### **56A37. EXPIRATION OF AN RFQ**

Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session.

### **56A38. REPORTING OF FLEXIBLE OPTION TRADES**

It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the designated flexible option pit official in a timely manner, including any later trades in open flexible contract term series.

## Chapter 101A Options on Live Cattle Futures

### ~~FLEXIBLE LIVE CATTLE OPTIONS~~

#### ~~101A30. SCOPE OF FLEXIBLE OPTION RULES~~

~~Unless otherwise noted below, the following flexible option rules supersede the standard option regulations presented in the earlier part of the chapter.~~

#### ~~101A31. FLEXIBLE OPTIONS CHARACTERISTICS~~

##### ~~101A31.A. Nature of Flexible Contracts~~

~~Flexible options on Live Cattle futures shall be permitted in puts and calls that do not have the same underlying futures contract, and the same strike price, and the same exercise style, and the same expiration date as the standard listed options that are already available for trading.~~

~~Trading in standard options under certain flexible trading procedures shall be permitted prior to the listing of such options. Once and if these options are listed for trading as standard options, they will be traded only as standard options subject to the standard option trading requirements. Upon such listing, all existing open positions established under flexible procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.~~

##### ~~101A31.B. Trading Unit~~

~~The minimum size for requesting a quote and/or trading in a flexible option series is 10 contracts, where each contract represents an option to buy, in the case of a call, or to sell, in the case of a put, one Live Cattle futures contract as specified in Chapter 101. However, parties may request a quote and/or trade for less than 10 contracts in order to entirely close out a position in a flexible series.~~

~~Respondents to a request for quote must be willing to trade at least 10 contracts. However, a respondent may trade less than 10 contracts if the respondent is entirely closing out a position in the series.~~

##### ~~101A31.C. Minimum Fluctuations~~

~~(Refer to Rule 101A01.C. Minimum Fluctuations)~~

##### ~~101A31.D. Underlying Futures Contracts~~

~~The underlying futures contract for a flexible option shall be any Live Cattle futures contract that is currently available for trading, as specified in Chapter 101.~~

##### ~~101A31.E. Exercise Prices~~

~~Exercise prices shall be stated in terms of the Live Cattle futures contract that is deliverable upon exercise of the option and may be at intervals of .25 cents per pound for all levels from .25 to 1,000; e.g., 62.25, 62.50.~~

##### ~~101A31.F. Position Limits, Exemptions, Position Accountability and Reportable Levels~~

~~(Refer to Rule 101A01.F. Position Limits, Exemptions, Position Accountability and Reportable Levels)~~

##### ~~101A31.G. [Reserved]~~

##### ~~101A31.H. [Reserved]~~

##### ~~101A31.I. Termination of Trading~~

~~Flexible option expiration dates may be specified for any Exchange Business Day up to and including the first Friday of the delivery month of the underlying futures contract. If that Friday is not a Business Day, then expiration dates may be specified for any Exchange Business Day up to and including the immediately preceding Business Day.~~

~~A new flexible option series may not be opened on its last day of trading. However, an existing flexible option series may be traded on its last day of trading.~~

##### ~~101A31.J. [Reserved]~~

### ~~101A32. FLEXIBLE OPTION EXERCISE~~

~~In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on Live Cattle futures.~~

#### ~~101A32.A. Exercise of Flexible Option by Buyer~~

~~Flexible options may be specified to have either American style or European style exercise.~~

~~A flexible option with American style exercise may be exercised by the buyer on any Business Day that the option is traded and also on its expiration date. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.~~

~~A flexible option with European style exercise may be exercised by the buyer only on the day that the option expires. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.~~

~~Any flexible option that is in the money and has not been liquidated or exercised prior to its expiration date shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 P.M. on the day of termination of trading by the clearing member representing the option buyer, be exercised automatically. An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.~~



**101A32.B. Assignment**

(Refer to Rule 101A02.B.—Assignment)

**101A33. [RESERVED]**

**101A34. INITIATING A FLEXIBLE OPTION CONTRACT SERIES**

For each trading session, the opening of trading in any flexible option series shall occur through a Request For Quote (RFQ). No RFQ's will be accepted prior to ten minutes after the daily scheduled opening time of the underlying futures. No RFQ's will be accepted within thirty minutes of the daily scheduled closing time of the underlying futures.

**101A35. RESPONSE TIME INTERVAL**

No trades against the first RFQ submitted for a flexible option series on any Trading Day may occur prior to the end of the Response Time Interval. The Response Time Interval shall be a 5 minute period and will begin immediately upon acceptance of an RFQ by the designated flexible option pit official. The designated flexible option pit official shall signal the end of the Response Time Interval for each RFQ.

**101A36. RFQ TRADING INTERVAL**

A flexible option series shall be immediately open for trading following the Response Time Interval. Priority for RFQ's is determined by order of submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally.

**101A37. EXPIRATION OF AN RFQ**

Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session.

**101A38. REPORTING OF FLEXIBLE OPTION TRADES**

It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the designated flexible option pit official in a timely manner, including any later trades in open flexible contract term series.

(End Chapter 101A)

## Chapter 102A Options on Feeder Cattle Futures

**FLEXIBLE FEEDER CATTLE OPTIONS**

**102A30. SCOPE OF FLEXIBLE OPTION RULES**

Unless otherwise noted below, the following flexible option rules supersede the standard option regulations presented in the earlier part of the chapter.

**102A31. FLEXIBLE OPTION CHARACTERISTICS**

**102A31.A. Nature of Flexible Contracts**

Flexible options on Feeder Cattle futures shall be permitted in puts and calls that do not have the same underlying futures contract, and the same strike price, and the same exercise style, and the same expiration date as the standard listed options that are already available for trading.

Trading in standard options under certain flexible trading procedures shall be permitted prior to the listing of such options. Once and if these options are listed for trading as standard options, they will be traded only as standard options subject to the standard option trading requirements. Upon such listing, all existing open positions established under flexible procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

**102A31.B. Trading Unit**

The minimum size for requesting a quote and/or trading in a flexible option series is 10 contracts, where each contract represents an option to buy, in the case of a call, or to sell, in the case of a put, one Feeder Cattle futures contract as specified in Chapter 102. However, parties may request a quote and/or trade for less than 10 contracts in order to entirely close out a position in a flexible series.

Respondents to a request for quote must be willing to trade at least 10 contracts. However, a respondent may trade less than 10 contracts if the respondent is entirely closing out a position in the series.

**102A31.C. Minimum Fluctuations**

(Refer to Rule 102A01.C.—Minimum Fluctuations)

**102A31.D. Underlying Futures Contracts**

The underlying futures contract for a flexible option shall be any Feeder Cattle futures contract that is currently available for trading, as specified in Chapter 102.

**102A31.E. Exercise Prices**

Exercise prices shall be stated in terms of the Feeder Cattle futures contract that is deliverable upon exercise of the option and may be at intervals of .25 cents per pound for all levels from .25 to 1,000; e.g., 62.25, 62.50.

**102A31.F. Position Limits, Exemptions, Position Accountability and Reportable Levels)**

(Refer to Rule 102A01.F.—Position Limits, Exemptions, Position Accountability and Reportable Levels)

**102A31.G. [Reserved]**

**102A31.H. [Reserved]**

#### **102A31.I. Termination of Trading**

Flexible option expiration dates may be specified for any Exchange Business Day up to and including the last Trading Day of the underlying futures contract.

A new flexible option series may not be opened on its last day of trading. However, an existing flexible option series may be traded on its last day of trading.

#### **102A31.J. [Reserved]**

#### **102A32. FLEXIBLE OPTION EXERCISE**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on Feeder Cattle futures.

##### **102A32.A. Exercise of Flexible Option by Buyer**

Flexible options may be specified to have either American-style or European-style exercise.

A flexible option with American-style exercise may be exercised by the buyer on any Business Day that the option is traded and also on its Expiration Day. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

A flexible option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

Any flexible option that is in the money and has not been liquidated or exercised prior to its Expiration Day shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day following the termination of trading by the clearing member representing the option buyer, be exercised automatically.

An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

##### **102A32.B. Assignment**

(Refer to Rule 102A32.B.—Assignment)

#### **102A33. [RESERVED]**

#### **102A34. INITIATING A FLEXIBLE OPTION CONTRACT SERIES**

For each trading session, the opening of trading in any flexible option series shall occur through a Request For Quote (RFQ). No RFQ's will be accepted prior to ten minutes after the daily scheduled opening time of the underlying futures. No RFQ's will be accepted within thirty minutes of the daily scheduled closing time of the underlying futures.

#### **102A35. RESPONSE TIME INTERVAL**

No trades against the first RFQ submitted for a flexible option series on any Trading Day may occur prior to the end of the Response Time Interval. The Response Time Interval shall be a 5 minute period and will begin immediately upon acceptance of an RFQ by the designated flexible option pit official. The designated flexible option pit official shall signal the end of the Response Time Interval for each RFQ.

#### **102A36. RFQ TRADING INTERVAL**

A flexible option series shall be immediately open for trading following the Response Time Interval. Priority for RFQ's is determined by order of submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally.

#### **102A37. EXPIRATION OF AN RFQ**

Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session.

#### **102A38. REPORTING OF FLEXIBLE OPTION TRADES**

It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the designated flexible option pit official in a timely manner, including any later trades in open flexible contract term series.

(End Chapter 102A)

## **Chapter 152A Options on Lean Hog Futures**

### **FLEXIBLE LEAN HOG OPTIONS**

#### **152A30. SCOPE OF FLEXIBLE OPTION RULES**

Unless otherwise noted below, the following flexible option rules supersede the standard option regulations presented in the earlier part of the chapter.

#### **152A31. FLEXIBLE OPTION CHARACTERISTICS**

##### **152A31.A. Nature of Flexible Contracts**

Flexible options on Lean Hog futures shall be permitted in puts and calls that do not have the same underlying futures contract, and the same strike price, and the same exercise style, and the same expiration date as the standard listed options that are already available for trading.

Trading in standard options under certain flexible trading procedures shall be permitted prior to the listing of such options. Once and if these options are listed for trading as standard options, they will be traded only as standard options subject to the standard option trading requirements. Upon such listing, all existing open positions established under flexible procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

#### **152A31.B. Trading Unit**

The minimum size for requesting a quote and/or trading in a flexible option series is 10 contracts, where each contract represents an option to buy, in the case of a call, or to sell, in the case of a put, one Lean Hog futures contract as specified in Chapter 152. However, parties may request a quote and/or trade for less than 10 contracts in order to entirely close out a position in a flexible series.

Respondents to a request for quote must be willing to trade at least 10 contracts. However, a respondent may trade less than 10 contracts if the respondent is entirely closing out a position in the series.

#### **152A31.C. Minimum Fluctuations**

(Refer to Rule 152A01.C. – Minimum Fluctuations)

#### **152A31.D. Underlying Futures Contracts**

The underlying futures contract for a flexible option shall be any Lean Hog futures contract that is currently available for trading, as specified in Chapter 152.

#### **152A31.E. Exercise Prices**

Exercise prices shall be stated in terms of the Lean Hog futures contract that is deliverable upon exercise of the option and may be at intervals of .25 cents per pound for all levels from .25 to 1,000; e.g., 62.25, 62.50.

#### **152A31.F. Position Limits, Exemptions, Position Accountability and Reportable Levels**

(Refer to Rule 152A01.F. – Position Limits, Exemptions, Position Accountability and Reportable Levels)

#### **152A31.G. [Reserved]**

#### **152A31.H. [Reserved]**

#### **152A31.I. Termination of Trading**

Flexible option expiration dates may be specified for any Exchange Business Day up to and including the last Trading Day of the underlying futures contract.

A new flexible option series may not be opened on its last day of trading. However, an existing flexible option series may be traded on its last day of trading.

#### **152A31.J. [Reserved]**

### **152A32. FLEXIBLE OPTION EXERCISE**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on Lean Hog futures.

#### **152A32.A. Exercise of Flexible Option by Buyer**

Flexible options may be specified to have either American-style or European-style exercise.

A flexible option with American-style exercise may be exercised by the buyer on any Business Day that the option is traded and also on its Expiration Day. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 P.M. on the day of exercise.

A flexible option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

Any flexible option that is in the money and has not been liquidated or exercised prior to its Expiration Day shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day following the termination of trading by the clearing member representing the option buyer, be exercised automatically.

An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

#### **152A32.B. Assignment**

(Refer to Rule 152A32.B. – Assignment)

#### **152A33. [RESERVED]**

### **152A34. INITIATING A FLEXIBLE OPTION CONTRACT SERIES**

For each trading session, the opening of trading in any flexible option series shall occur through a Request For Quote (RFQ). No RFQ's will be accepted prior to ten minutes after the daily scheduled opening time of the underlying futures. No RFQ's will be accepted within thirty minutes of the daily scheduled closing time of the underlying futures.

### **152A35. RESPONSE TIME INTERVAL**

No trades against the first RFQ submitted for a flexible option series on any Trading Day may occur prior to the end of the Response Time Interval. The Response Time Interval shall be a 5 minute period and will begin immediately upon acceptance of an RFQ by the designated flexible option pit official. The designated flexible option pit official shall signal the end of the Response Time Interval for each RFQ.

### **152A36. RFQ TRADING INTERVAL**

A flexible option series shall be immediately open for trading following the Response Time Interval. Priority for RFQ's is determined by order of submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally.

### **152A37. EXPIRATION OF AN RFQ**

Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session.

### **152A38. REPORTING OF FLEXIBLE OPTION TRADES**

It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the designated flexible option pit official in a timely manner, including any later trades in open flexible contract term series.

(End Chapter 152A)

## **Chapter 201A Options on Random Length Lumber Futures**

### **FLEXIBLE RANDOM LENGTH LUMBER OPTIONS**

#### **201A30. SCOPE OF FLEXIBLE OPTION RULES**

Unless otherwise noted below, the following flexible option rules supersede the standard option regulations presented in the earlier part of the chapter.

#### **201A31. FLEXIBLE OPTION CHARACTERISTICS**

##### **201A31.A. Nature of Flexible Contracts**

Flexible options on Random Length Lumber futures shall be permitted in puts and calls that do not have the same underlying futures contract, and the same strike price, and the same exercise style, and the same expiration date as the standard listed options that are already available for trading.

Trading in standard options under certain flexible trading procedures shall be permitted prior to the listing of such options. Once and if these options are listed for trading as standard options, they will be traded only as standard options subject to the standard option trading requirements. Upon such listing, all existing open positions established under flexible procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

##### **201A31.B. Trading Unit**

The minimum size for requesting a quote and/or trading in a flexible option series is 10 contracts, where each contract represents an option to buy, in the case of a call, or to sell, in the case of a put, one Random Length Lumber futures contract as specified in Chapter 201. However, parties may request a quote and/or trade for less than 10 contracts in order to entirely close out a position in a flexible series.

Respondents to a request for quote must be willing to trade at least 10 contracts. However, a respondent may trade less than 10 contracts if the respondent is entirely closing out a position in the series.

##### **201A31.C. Minimum Fluctuations**

(Refer to Rule 201A01.C.—Minimum Fluctuations)

##### **201A31.D. Underlying Futures Contracts**

The underlying futures contract for a flexible option shall be any Random Length Lumber futures contract that is currently available for trading, as specified in Chapter 201.

##### **201A31.E. Exercise Prices**

Exercise prices shall be stated in terms of the Random Length Lumber futures contract that is deliverable upon exercise of the option and may be at intervals of \$1 per thousand board feet for all levels from \$1 to \$10,000; e.g., \$301, \$302.

##### **201A31.F. Position Limits, Exemptions, Position Accountability and Reportable Levels**

(Refer to Rule 201A01.F.—Position Limits, Exemptions, Position Accountability and Reportable Levels)

##### **201A31.G. [Reserved]**

##### **201A31.H. [Reserved]**

##### **201A31.I. Termination of Trading**

Flexible option expiration dates may be specified for any Exchange Business Day up to and including the last Business Day of the month prior to the delivery month of the underlying futures contract. In the event that the underlying futures market does not open on the scheduled Expiration Day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

A new flexible option series may not be opened on its last day of trading. However, an existing flexible option series may be traded on its last day of trading.

##### **201A31.J. [RESERVED]**

#### **201A32. FLEXIBLE OPTION EXERCISE**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on Random Length Lumber futures.

##### **201A32.A. Exercise of Flexible Option by Buyer**

Flexible options may be specified to have either American-style or European-style exercise.

~~A flexible option with American-style exercise may be exercised by the buyer on any Business Day that the option is traded and also on its expiration date. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.~~

~~A flexible option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.~~

~~Any flexible option that is in the money and has not been liquidated or exercised prior to its expiration date shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 P.M. on the day of termination of trading by the clearing member representing the option buyer, be exercised automatically.~~

~~An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.~~

~~**201A32.B. Assignment**~~

~~(Refer to Rule 201A02.B. Assignment)~~

~~**201A33. [RESERVED]**~~

~~**201A34. INITIATING A FLEXIBLE OPTION CONTRACT SERIES**~~

~~For each trading session, the opening of trading in any flexible option series shall occur through a Request For Quote (RFQ). No RFQ's will be accepted prior to ten minutes after the daily scheduled opening time of the underlying futures. No RFQ's will be accepted within thirty minutes of the daily scheduled closing time of the underlying futures.~~

~~**201A35. RESPONSE TIME INTERVAL**~~

~~No trades against the first RFQ submitted for a flexible option series on any Trading Day may occur prior to the end of the Response Time Interval. The Response Time Interval shall be a 5 minute period and will begin immediately upon acceptance of an RFQ by the designated flexible option pit official. The designated flexible option pit official shall signal the end of the Response Time Interval for each RFQ.~~

~~**201A36. RFQ TRADING INTERVAL**~~

~~A flexible option series shall be immediately open for trading following the Response Time Interval. Priority for RFQ's is determined by order of submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally.~~

~~**201A37. EXPIRATION OF AN RFQ**~~

~~Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session~~

~~**201A38. REPORTING OF FLEXIBLE OPTION TRADES**~~

~~It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the designated flexible option pit official in a timely manner, including any later trades in open flexible contract term series.~~

~~(End Chapter 201A)~~