



C.F.T.C.
OFFICE OF THE SECRETARIAT
2010 SEP 28 PM 3 04

September 27, 2010

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

**RE: CME Chapters 357A and 359A – Weekly Options
On NASDAQ 100 Index Futures and E-mini NASDAQ
100 Index Futures
CME Submission No. 10-273**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commodity Futures Trading Commission of the listing of weekly European Style options on the NASDAQ 100 index futures and on the E-mini NASDAQ 100 index futures.

On October 18, 2010, the Exchange will list the weekly European Style options on the NASDAQ 100 and the E-mini NASDAQ 100 futures. The listing procedure for the weekly European Style shall be the next two weekly contracts. Following the listing of the weekly options which expire on the first two Friday of each month, there shall be generally three expiration points per month, providing market participants much flexibility in structuring their trades.

The structure of the product shall mimic the S&P 500 and E-mini S&P 500 End-of-Month (EOM) options. They are European style options, exercisable only on the termination day – i.e. either the first or the second Friday of the contract month, or the immediately preceding business day should the Friday be an Exchange Holiday. The exercise of the options shall be determined automatically based on the "3:00 p.m. fixing" of the E-mini NASDAQ 100 futures. There shall be no contrarian instructions to exercise out-of-the-money options or to abandon in-the-money options.

CME certifies that these changes comply with the Commodity Exchange Act and regulations thereunder.

If you require any additional information regarding this action, please do not hesitate to contact Ms. Lucy Wang, Research Analyst, at 312-648-5478 or via e-mail at lucy.wang@cmegroup.com or me at 312-648-5422. Please reference our CME Submission No. 10-273 on all future correspondence regarding this notification.

Sincerely,

/s/ Stephen M. Szarmack
Regulatory Counsel

cc: Mr. Thomas M. Leahy and Mr. Steven B. Benton
CFTC Division of Market Oversight, Product Review & Analysis Section

Text of Rule Amendments

(Additions are underlined, deletions are bracketed and overstruck)

Chapter 359A Options on E-mini NASDAQ 100 Index® Futures

359A00. SCOPE OF CHAPTER

This chapter is limited in application to trading in put and call options on the E-Mini Nasdaq 100 Index futures contract ("E-Mini Nasdaq 100 options"). The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

359A01. OPTION CHARACTERISTICS

359A01.A. Contract Months, Trading Hours, and Trading Halts

Options contracts shall be listed for such contract months and scheduled for trading during such hours, except as indicated below, as may be determined by the Board of Directors.

There shall be no trading in any option contract when the Nasdaq 100 Index primary futures contract is limit bid or offered at any price limit except at the Total Daily Price Limit on an option's last day of trading.

There shall be no trading in any option contract during a period when trading in the primary futures contract is terminated pursuant to Rule 35902.1.

For purposes of this rule, the primary E-Mini Nasdaq 100 Index futures contract shall be defined as the nearest E-Mini Nasdaq 100 Index future contract month.

For purposes of this rule, Exchange staff shall have the responsibility of determining whether the primary futures contract is trading at its limit during Regular Trading Hours (RTH). During Electronic Trading Hours (ETH), the determination shall be made by the Globex Control Center.

359A01.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 E-Mini Nasdaq 100 Index futures contract as specified in Chapter 359.

359A01.C. Minimum Fluctuations¹

The price of an option shall be quoted in index point. Each .01 index point shall represent \$0.20. The minimum fluctuation shall be 0.25 index points (also known as one tick), equivalent to \$5.00 per contract. Trades may also occur at a price of .05 index points or \$1.00, whether or not such trades result in the liquidation of positions for both parties to the trade. A trade with a price equal to or less than 3.00 index points may also occur at a price in multiples of .05 index points, \$1.00.

Each leg of a combination trade of options contracts shall be traded at a price conforming to the minimum fluctuation. Notwithstanding, options in a combination trade can be traded at an increment of .05 index points regardless of the premium level if the net premium of the options combination is at or below 3.00 index points.

359A01.D. Underlying Futures Contract

1. Options in the March Quarterly Cycle

For options that expire in the March quarterly cycle (i.e., March, June, September, and December), the underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in March is the March futures contract.

2. Options Not in the March Quarterly Cycle

¹ Revised July 2005; January 2007

For options that expire in months other than those in the March quarterly cycle (i.e., January, February, April, May, July, August, October, and November), the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for options that expire in January or February is the March future contract.

3. Options in the European style Weekly Option Series

For options in the European style weekly options series, the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for the first (1st), second (2nd), fourth (4th) and fifth (5th) April, May and June weekly options shall be the June futures contract; the underlying futures contract for the first (1st) and second (2nd) June weekly options shall be the June futures contract; the underlying futures contract for the fourth (4th) and fifth (5th) June weekly options shall be the September futures contract.

359A01.E. Exercise Prices²

1. Options in the March Quarterly Cycle

A referencing index shall be determined each quarter on the day prior to the expiration of the March Quarterly futures contract and shall equal the daily settlement price of the nearest expiring NASDAQ 100 index futures contract. The chosen referencing index will then be used to determine the strike listing range for all listed contracts. The index points are rounded to the nearest integer.

At the commencement of trading, the Exchange shall list all exercise prices that are integers divisible by 10 without remainder in a range of 30 percent of the referencing index above and below the previous day's settlement price of the underlying futures contract.

Thereafter, when a daily settlement price in the underlying futures contract occurs at, or passes through, any exercise price, the Exchange shall list, on the next trading day, all eligible exercise prices in the corresponding ranges.

Exchange Staff, under delegated authority from the Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

2. Options not in the March Quarterly Cycle

Exercise prices for options not in the March quarterly cycle listed for trading shall be identical to the exercise prices that are listed for the March quarterly options on the same underlying futures contract. For example, the exercise prices listed for the January contract shall be identical to those listed for the March contract.

3. Options in the European Style Weekly Options Series

At the commencement of trading, the Exchange shall list all exercise prices within 25 strikes above and below the previous day's settlement price of the March quarterly options on the same underlying futures contract that are integers divisible by 10 without remainder, e.g. 1200, 1210, 1220, etc.

Exchange staff, under delegated authority from the Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

359A01.F. Position Limits

No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 Nasdaq 100 futures-equivalent contracts net on the same side of the market in all contract months combined. For the purposes of this rule, each E-Mini Nasdaq 100 futures-equivalent contract shall be deemed equal to one-fifth (0.20) of a Nasdaq 100 Stock Price Index futures-equivalent contract.

For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.

359A01.G. Accumulation of Positions

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

² Revised July 2005, November 2005, June 2007, November 2007, April 2008, September 2008.

359A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation §1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions subject to Rule 559.

359A01.I. Termination of Trading

1. Options in the March Quarterly Cycle

For options that expire in the March quarterly cycle, options trading shall terminate at the same date and time as the underlying futures contract.

2. Options Not in the March Quarterly Cycle

For options that expire in months other than those in the March quarterly cycle, options trading shall terminate on the third Friday of the contract month. If that day is not a scheduled Exchange business day, options trading shall terminate on the first preceding business day. 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.

3. Options in the European style Weekly Options Series

For options in the European style Weekly Options Series, trading shall terminate at 3:00 p.m. Chicago Time on the Friday of the named week of the contract month.

For the first (1st) weekly option of the month, if the first Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first business day immediately preceding the Friday. However, if the first business day immediately preceding the Friday falls in the preceding calendar month, the first weekly option shall not be listed for trading.

For the second (2nd) weekly option of the month, if the second Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first business day immediately preceding the Friday.

For the fourth (4th) weekly option of the month, if the fourth Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first business day immediately preceding the Friday.

For the fifth (5th) weekly option of month, if the fifth Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first business day immediately preceding the Friday.

In the event that the underlying futures market does not open on the scheduled options expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

359A01.J. Contract Modification

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these rules, such order, ruling, directive, or law shall be construed to become part of these rules and all open and new options contracts shall be subject to such governmental orders.

359A02. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the E-Mini Nasdaq 100 Index options.

359A02.A. Exercise of Option by Buyer

359A02.A.1 Options Not in the "End-of-Month" Series

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 7:00 p.m. on the day of exercise.

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

In-the-money options that expire in months other than those in the March quarterly cycle and have not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of the termination of trading by the

clearing member representing the option buyer, be exercised automatically.

Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

358A02.A.2 Options in the European style Weekly Options Series

Following the termination of trading of an option, all in-the money options shall be automatically exercised by the Clearing Houses on the day of expiration of the option. All out-of-the-money options shall be abandoned by the Clearing House on the day of expiration of the option. Whether an option is in or out of the money shall be determined based on the fixing price of the CME E-mini NASDAQ 100 stock index futures on the day of expiration as follows:

- Tier 1 Take the thirty (30) second average of sale prices of the underlying futures contract on Globex, weighted by volume, from 2:59:30 to 3:00:00 p.m. Chicago time.
- Tier 2 If no sales occurred during the thirty-second interval noted above, take the midpoint of each bid and ask spread and average the resulting midpoints over the thirty-second interval. However, when looking at each bid/ask spread, if it is wider than 2 ticks (0.50 index points), the bid/ask pair shall be discarded in the calculation.
- Tier 3 If the fixing price cannot be determined by both Tier 1 and 2, or there is a trading interruption in the underlying futures market on Globex at any point from 2:58:00 to 3:00:00 p.m. Chicago time due to system outage or trading stoppages, including stoppage pursuant to Rule 580.3, take the thirty (30) second average of sale prices of the NASDAQ 100 futures contract of the same contract month as the underlying futures contract, from 2:59:30 to 3:00:00 p.m. Chicago time.
- Tier 4 If the fixing price cannot be determined pursuant to Tier 1, 2 and 3, Exchange Staff shall take into consideration any other information it deems appropriate to determine the fixing price. This information may include, but is not limited to, the following, and procedures to determine the information may be performed in any order by Exchange Staff: (1) derive the fixing price based on basis relationship against the underlying cash index level; (2) repeat Tier 1, 2, or 3 at ever increasing 30 second increment intervals until data is obtained.

The calculation of the fixing prices shall be rounded to the nearest 0.01 index points.

In the event of an option expiring on a shortened trading day, the fixing calculation shall be performed based on the market activities during the thirty-second period immediately preceding the close of the underlying stock market.

An option is deemed in the money if the fixing price of the underlying futures contract 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. For example, if the fixing price were 1250.01 or higher, then 1250 Calls shall be exercised. If the fixing price were 1249.99 or lower, then 1250 Calls shall be abandoned. Similarly, if the CME currency fixing price were 1249.99 or lower, then 1250 Puts shall be exercised. If the fixing price were 1250.00 or higher, then 1250 Puts shall be abandoned.

Options in the weekly options series may not be exercised prior to the expiration of the options. At the expiration, in-the-money options may not be abandoned and out-of-the-money options may not be exercised.

359A02.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 trading 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 was 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 following acceptance by the Clearing House of the exercise notice.

- 359A03. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES**
(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)
(End Chapter 359A)

Chapter 357A

Options on NASDAQ 100 Index® Futures

357A00. SCOPE OF CHAPTER

This chapter is limited in application to trading in put and call options on the Nasdaq 100 Index futures contract ("Nasdaq 100 options"). The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

357A01. OPTION CHARACTERISTICS

357A01.A. Contract Months, Trading Hours and Trading Halts³

Options contracts shall be listed for such contract months and scheduled for trading during such hours, except as indicated below, as may be determined by the Board of Directors.

There shall be no trading in any option contract when the Nasdaq 100 Index primary futures contract is limit bid or offered at any price limit except at the Total Daily Price Limit on an option's last day of trading.

There shall be no trading in any option contract during a period when trading in the primary futures contract is terminated pursuant to Rule 35702.I.

For purposes of this rule, the primary futures contract shall be defined as the futures contract trading in the lead month configuration in the pit.

For purposes of this rule, Exchange staff shall have the responsibility of determining whether the primary futures contract is trading at its limit during Regular Trading Hours (RTH). During Electronic Trading Hours (ETH), the determination shall be made by the Globex Control Center.

357A01.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 Nasdaq 100 Index futures contract as specified in Chapter 357.

357A01.C. Minimum Fluctuations⁴

The price of an option shall be quoted in index points. Each .01 index point shall represent \$1.00. The minimum fluctuation shall be 0.25 index points (also known as one tick), equivalent to \$25.00 per contract. Trades may also occur at a price of .05 index points or \$5.00, whether or not such trades result in the liquidation of positions for both parties to the trade. A trade with a price equal to or less than 3.00 index points may also occur at a price in multiples of .05 index points, \$5.00.

Each leg of a combination trade of options contracts shall be traded at a price conforming to the minimum fluctuation. Notwithstanding, options in a combination trade can be traded at an increment of .05 index points regardless of the premium level if the net premium of the options combination is at or below 3.00 index points.

357A01.D. Underlying Futures Contract

1. Options in the March Quarterly Cycle

For options that expire in the March quarterly cycle (i.e., March, June, September, and December), the underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in March is the March futures contract.

³ Revised November 2000, December 2001.

⁴ Revised July 17, 2005; January 2007.

2. Options Not in the March Quarterly Cycle

For options that expire in months other than those in the March quarterly cycle (i.e., January, February, April, May, July, August, October, and November), the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for options that expire in January or February is the March futures contract.

3. Options in the European style Weekly Option Series

For options in the European style weekly options series, the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for the first (1st), second (2nd), fourth (4th) and fifth (5th) April and May weekly options shall be the June futures contract; the underlying futures contract for the first (1st) and second (2nd) June weekly options shall be the June futures contract; the underlying futures contract for the fourth (4th) and fifth (5th) June weekly options shall be the September futures contract.

357A01.E. Exercise Prices ⁵

1. Options in the March Quarterly Cycle

The exercise prices shall be stated in terms of the NASDAQ 100 futures.

A referencing index shall be determined each quarter on the day prior to the expiration of the March Quarterly futures contract and shall equal the daily settlement price of the nearest expiring NASDAQ 100 Index futures contract. The chosen referencing index will then be used to determine the strike listing range for all listed contracts. The index points are rounded to the nearest integer.

At the commencement of trading, the Exchange shall list all exercise prices in a range of 30 percent of the referencing index above and below the previous day's settlement price of the underlying futures contract that are integers divisible by 10 without remainder, e.g. 1500, 1520, 1530, etc.

Thereafter, when a settlement price in the underlying futures contract occurs at, or passes through, any exercise price, the Exchange shall add, on the next trading day, all eligible exercise prices in the corresponding range. New options may be listed for trading up to and including the termination of trading.

Exchange Staff, under delegated authority from the Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

2. Options not in the March Quarterly Cycle

Exercise prices for options not in the March quarterly cycle listed for trading shall be identical to the exercise prices that are listed for the March quarterly options on the same underlying futures contract. For example, the exercise prices listed for the January contract shall be identical to those listed for the March contract.

3. Dynamically-Listed Exercise Prices

Upon demand and at the discretion of the Exchange, new out-of-current-range exercise prices at regularly defined intervals may be added for trading on as soon as possible basis

4. Options in the European Style Weekly Options Series

At the commencement of trading, the Exchange shall list all exercise prices within 25 strikes above and below the previous day's settlement price of the March quarterly options on the same underlying futures contract that are integers divisible by 10 without remainder, e.g. 1210, 1220, 1230, etc.

Exchange Staff, under delegated authority from the Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

357A01.F. Position Limits

No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures-equivalent contracts net on the same side of the market in all contract months combined.

For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.

357A01.G. Accumulation of Positions

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an

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Revised March 1999; December 2000, December 2001; July 2005, November 2005, April 2008, September 2008.

expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

357A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation §1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to option positions subject to Rule 559.

357A01.I. Termination of Trading ⁶

1. Options in the March Quarterly Cycle

For options that expire in the March quarterly cycle, options trading shall terminate at the same date and time as the underlying futures contract.

2. Options Not in the March Quarterly Cycle

For options that expire in months other than those in the March quarterly cycle, options trading shall terminate on the third Friday of the contract month. If that day is not a scheduled Exchange business day, options trading shall terminate on the first preceding business day. 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.

3. Options in the European style Weekly Options Series

For options in the European style Weekly Options Series, trading shall terminate at 3:00 p.m. Chicago Time on the Friday of the named week of the contract month.

For the first (1st) weekly option of the month, if the first Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first business day immediately preceding the Friday. However, if the first business day immediately preceding the Friday falls in the preceding calendar month, the first weekly option shall not be listed for trading.

For the second (2nd) weekly option of the month, if the second Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first business day immediately preceding the Friday.

For the fourth (4th) weekly option of the month, if the fourth Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first business day immediately preceding the Friday.

For the fifth (5th) weekly option of the month, if the fifth Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first business day immediately preceding the Friday.

357A01.J. Contract Modification

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these rules, such order, ruling, directive, or law shall be construed to become part of these rules and all open and new options contracts shall be subject to such governmental orders.

357A02. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of Nasdaq 100 Index options.

357A02.A. Exercise of Option by Buyer ⁷

357A02.A.1 Options Not in the European Style "End-of-Month" Series

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 7:00 p.m. on the day of exercise.

An option in the March quarterly cycle that is in the money⁸ and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the business day following the termination of trading by the clearing member representing the option buyer, be exercised automatically.

⁶ Revised December 2001.

⁷ Revised August 2004.

⁸ An option in the March quarterly cycle is in the money if the Final Settlement Price of the underlying futures contract lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

In-the-money⁹ options that expire in months other than those in the March quarterly cycle and have not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of the expiration by the clearing member representing the option buyer, be exercised automatically.

Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.¹⁰

357A02.A.2 Options in European style Weekly Options Series

Following the termination of trading of an option, all in-the-money options shall be automatically exercised by the Clearing House. All out-of-money options shall be abandoned by the Clearing House on the day of expiration for the option. Whether an option is in or out of the money shall be determined based on the fixing price of the CME E-mini NSDAQ 100 stock index futures on the day of expiration, determined pursuant rule 359.A02.A.2.

An option is deemed in the money if the fixing price of the underlying futures contract 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. For example, if the fixing price were 1250.01 or higher, then 1250 Calls shall be exercised. If the fixing price were 1250.00 or lower, then 1250 Calls shall be abandoned. Similarly, if the fixing price were 1249.99 or lower, then 1250 Puts shall be exercised. If the fixing price were 1250.00 or higher, then 1250 Puts shall be abandoned.

357A02.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 trading 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.

357A03. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)

⁹ An option that expires in a month other than those in the March quarterly cycle 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.

¹⁰ Adopted August 1995.

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Chapter 359A Options on E-mini NASDAQ 100 Index® Futures

359A00. SCOPE OF CHAPTER

This chapter is limited in application to trading in put and call options on the E-Mini Nasdaq 100 Index futures contract ("E-Mini Nasdaq 100 options"). The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

359A01. OPTION CHARACTERISTICS

359A01.A. Contract Months, Trading Hours, and Trading Halts

Options contracts shall be listed for such contract months and scheduled for trading during such hours, except as indicated below, as may be determined by the Board of Directors.

There shall be no trading in any option contract when the Nasdaq 100 Index primary futures contract is limit bid or offered at any price limit except at the Total Daily Price Limit on an option's last day of trading.

There shall be no trading in any option contract during a period when trading in the primary futures contract is terminated pursuant to Rule 35902.I.

For purposes of this rule, the primary E-Mini Nasdaq-100 Index futures contract shall be defined as the nearest E-Mini Nasdaq 100 Index future contract month.

For purposes of this rule, Exchange staff shall have the responsibility of determining whether the primary futures contract is trading at its limit during Regular Trading Hours (RTH). During Electronic Trading Hours (ETH), the determination shall be made by the Globex Control Center.

359A01.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 E-Mini Nasdaq 100 Index futures contract as specified in Chapter 359.

359A01.C. Minimum Fluctuations¹¹

The price of an option shall be quoted in index point. Each .01 index point shall represent \$0.20. The minimum fluctuation shall be 0.25 index points (also known as one tick), equivalent to \$5.00 per contract. Trades may also occur at a price of .05 index points or \$1.00, whether or not such trades result in the liquidation of positions for both parties to the trade. A trade with a price equal to or less than 3.00 index points may also occur at a price in multiples of .05 index points, \$1.00.

Each leg of a combination trade of options contracts shall be traded at a price conforming to the minimum fluctuation. Notwithstanding, options in a combination trade can be traded at an increment of .05 index points regardless of the premium level if the net premium of the options combination is at or below 3.00 index points.

359A01.D. Underlying Futures Contract

1. Options in the March Quarterly Cycle

For options that expire in the March quarterly cycle (i.e., March, June, September, and December), the underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in March is the March futures contract.

2. Options Not in the March Quarterly Cycle

For options that expire in months other than those in the March quarterly cycle (i.e., January, February, April, May, July, August, October, and November), the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the

¹¹ Revised July 2005; January 2007

underlying futures contract for options that expire in January or February is the March future contract.

3. Options in the European style Weekly Option Series

For options in the European style weekly options series, the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for the first (1st), second (2nd), fourth (4th) and fifth (5th) April, May and June weekly options shall be the June futures contract; the underlying futures contract for the first (1st) and second (2nd) June weekly options shall be the June futures contract; the underlying futures contract for the fourth (4th) and fifth (5th) June weekly options shall be the September futures contract.

359A01.E. Exercise Prices¹²

1. Options in the March Quarterly Cycle

A referencing index shall be determined each quarter on the day prior to the expiration of the March Quarterly futures contract and shall equal the daily settlement price of the nearest expiring NASDAQ 100 index futures contract. The chosen referencing index will then be used to determine the strike listing range for all listed contracts. The index points are rounded to the nearest integer.

At the commencement of trading, the Exchange shall list all exercise prices that are integers divisible by 10 without remainder in a range of 30 percent of the referencing index above and below the previous day's settlement price of the underlying futures contract.

Thereafter, when a daily settlement price in the underlying futures contract occurs at, or passes through, any exercise price, the Exchange shall list, on the next trading day, all eligible exercise prices in the corresponding ranges.

Exchange Staff, under delegated authority from the Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

2. Options not in the March Quarterly Cycle

Exercise prices for options not in the March quarterly cycle listed for trading shall be identical to the exercise prices that are listed for the March quarterly options on the same underlying futures contract. For example, the exercise prices listed for the January contract shall be identical to those listed for the March contract.

3. Options in the European Style Weekly Options Series

At the commencement of trading, the Exchange shall list all exercise prices within 25 strikes above and below the previous day's settlement price of the March quarterly options on the same underlying futures contract that are integers divisible by 10 without remainder, e.g. 1200, 1210, 1220, etc.

Exchange staff, under delegated authority from the Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

359A01.F. Position Limits

No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 Nasdaq 100 futures-equivalent contracts net on the same side of the market in all contract months combined. For the purposes of this rule, each E-Mini Nasdaq 100 futures-equivalent contract shall be deemed equal to one-fifth (0.20) of a Nasdaq 100 Stock Price Index futures-equivalent contract.

For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.

359A01.G. Accumulation of Positions

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

359A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions

¹² Revised July 2005, November 2005, June 2007, November 2007, April 2008, September 2008.

defined in accordance with Regulation §1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions subject to Rule 559.

359A01.I. Termination of Trading

1. Options in the March Quarterly Cycle

For options that expire in the March quarterly cycle, options trading shall terminate at the same date and time as the underlying futures contract.

2. Options Not in the March Quarterly Cycle

For options that expire in months other than those in the March quarterly cycle, options trading shall terminate on the third Friday of the contract month. If that day is not a scheduled Exchange business day, options trading shall terminate on the first preceding business day. 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.

3. Options in the European style Weekly Options Series

For options in the European style Weekly Options Series, trading shall terminate at 3:00 p.m. Chicago Time on the Friday of the named week of the contract month.

For the first (1st) weekly option of the month, if the first Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first business day immediately preceding the Friday. However, if the first business day immediately preceding the Friday falls in the preceding calendar month, the first weekly option shall not be listed for trading.

For the second (2nd) weekly option of the month, if the second Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first business day immediately preceding the Friday.

For the fourth (4th) weekly option of the month, if the fourth Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first business day immediately preceding the Friday.

For the fifth (5th) weekly option of month, if the fifth Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first business day immediately preceding the Friday.

In the event that the underlying futures market does not open on the scheduled options expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

359A01.J. Contract Modification

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these rules, such order, ruling, directive, or law shall be construed to become part of these rules and all open and new options contracts shall be subject to such governmental orders.

359A02. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the E-Mini Nasdaq 100 Index options.

359A02.A. Exercise of Option by Buyer

359A02.A.1 Options Not in the "End-of-Month" Series

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 7:00 p.m. on the day of exercise.

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

In-the-money options that expire in months other than those in the March quarterly cycle and have not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of the termination of trading by the clearing member representing the option buyer, be exercised automatically.

Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline

and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

358A02.A.2 Options in the European style Weekly Options Series

Following the termination of trading of an option, all in-the money options shall be automatically exercised by the Clearing Houses on the day of expiration of the option. All out-of-the-money options shall be abandoned by the Clearing House on the day of expiration of the option. Whether an option is in or out of the money shall be determined based on the fixing price of the CME E-mini NASDAQ 100 stock index futures on the day of expiration as follows:

- Tier 1 Take the thirty (30) second average of sale prices of the underlying futures contract on Globex, weighted by volume, from 2:59:30 to 3:00:00 p.m. Chicago time.
- Tier 2 If no sales occurred during the thirty-second interval noted above, take the midpoint of each bid and ask spread and average the resulting midpoints over the thirty-second interval. However, when looking at each bid/ask spread, if it is wider than 2 ticks (0.50 index points), the bid/ask pair shall be discarded in the calculation.
- Tier 3 If the fixing price cannot be determined by both Tier 1 and 2, or there is a trading interruption in the underlying futures market on Globex at any point from 2:58:00 to 3:00:00 p.m. Chicago time due to system outage or trading stoppages, including stoppage pursuant to Rule 580.3, take the thirty (30) second average of sale prices of the NASDAQ 100 futures contract of the same contract month as the underlying futures contract, from 2:59:30 to 3:00:00 p.m. Chicago time.
- Tier 4 If the fixing price cannot be determined pursuant to Tier 1, 2 and 3, Exchange Staff shall take into consideration any other information it deems appropriate to determine the fixing price. This information may include, but is not limited to, the following, and procedures to determine the information may be performed in any order by Exchange Staff: (1) derive the fixing price based on basis relationship against the underlying cash index level; (2) repeat Tier 1, 2, or 3 at ever increasing 30 second increment intervals until data is obtained.

The calculation of the fixing prices shall be rounded to the nearest 0.01 index points.

In the event of an option expiring on a shortened trading day, the fixing calculation shall be performed based on the market activities during the thirty-second period immediately preceding the close of the underlying stock market.

An option is deemed in the money if the fixing price of the underlying futures contract 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. For example, if the fixing price were 1250.01 or higher, then 1250 Calls shall be exercised. If the fixing price were 1249.99 or lower, then 1250 Calls shall be abandoned. Similarly, if the CME currency fixing price were 1249.99 or lower, then 1250 Puts shall be exercised. If the fixing price were 1250.00 or higher, then 1250 Puts shall be abandoned.

Options in the weekly options series may not be exercised prior to the expiration of the options. At the expiration, in-the-money options may not be abandoned and out-of-the-money options may not be exercised.

359A02.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 trading 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 was 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 following acceptance by the

Clearing House of the exercise notice.

- 359A03. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES**
(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)
(End Chapter 359A)

Chapter 357A

Options on NASDAQ 100 Index® Futures

357A00. SCOPE OF CHAPTER

This chapter is limited in application to trading in put and call options on the Nasdaq 100 Index futures contract ("Nasdaq 100 options"). The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

357A01. OPTION CHARACTERISTICS

357A01.A. Contract Months, Trading Hours and Trading Halts¹³

Options contracts shall be listed for such contract months and scheduled for trading during such hours, except as indicated below, as may be determined by the Board of Directors.

There shall be no trading in any option contract when the Nasdaq 100 Index primary futures contract is limit bid or offered at any price limit except at the Total Daily Price Limit on an option's last day of trading.

There shall be no trading in any option contract during a period when trading in the primary futures contract is terminated pursuant to Rule 35702.I.

For purposes of this rule, the primary futures contract shall be defined as the futures contract trading in the lead month configuration in the pit.

For purposes of this rule, Exchange staff shall have the responsibility of determining whether the primary futures contract is trading at its limit during Regular Trading Hours (RTH). During Electronic Trading Hours (ETH), the determination shall be made by the Globex Control Center.

357A01.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 Nasdaq 100 Index futures contract as specified in Chapter 357.

357A01.C. Minimum Fluctuations¹⁴

The price of an option shall be quoted in index points. Each .01 index point shall represent \$1.00. The minimum fluctuation shall be 0.25 index points (also known as one tick), equivalent to \$25.00 per contract. Trades may also occur at a price of .05 index points or \$5.00, whether or not such trades result in the liquidation of positions for both parties to the trade. A trade with a price equal to or less than 3.00 index points may also occur at a price in multiples of .05 index points, \$5.00.

Each leg of a combination trade of options contracts shall be traded at a price conforming to the minimum fluctuation. Notwithstanding, options in a combination trade can be traded at an increment of .05 index points regardless of the premium level if the net premium of the options combination is at or below 3.00 index points.

357A01.D. Underlying Futures Contract

1. Options in the March Quarterly Cycle

For options that expire in the March quarterly cycle (i.e., March, June, September, and December), the underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in March is the March futures contract.

2. Options Not in the March Quarterly Cycle

For options that expire in months other than those in the March quarterly cycle (i.e., January, February,

¹³ Revised November 2000, December 2001.

¹⁴ Revised July 17, 2005; January 2007.

April, May, July, August, October, and November), the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for options that expire in January or February is the March futures contract.

3. Options in the European style Weekly Option Series

For options in the European style weekly options series, the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for the first (1st), second (2nd), fourth (4th) and fifth (5th) April and May weekly options shall be the June futures contract; the underlying futures contract for the first (1st) and second (2nd) June weekly options shall be the June futures contract; the underlying futures contract for the fourth (4th) and fifth (5th) June weekly options shall be the September futures contract.

357A01.E. Exercise Prices ¹⁵

1. Options in the March Quarterly Cycle

The exercise prices shall be stated in terms of the NASDAQ 100 futures.

A referencing index shall be determined each quarter on the day prior to the expiration of the March Quarterly futures contract and shall equal the daily settlement price of the nearest expiring NASDAQ 100 Index futures contract. The chosen referencing index will then be used to determine the strike listing range for all listed contracts. The index points are rounded to the nearest integer.

At the commencement of trading, the Exchange shall list all exercise prices in a range of 30 percent of the referencing index above and below the previous day's settlement price of the underlying futures contract that are integers divisible by 10 without remainder, e.g. 1500, 1520, 1530, etc.

Thereafter, when a settlement price in the underlying futures contract occurs at, or passes through, any exercise price, the Exchange shall add, on the next trading day, all eligible exercise prices in the corresponding range. New options may be listed for trading up to an including the termination of trading.

Exchange Staff, under delegated authority from the Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

2. Options not in the March Quarterly Cycle

Exercise prices for options not in the March quarterly cycle listed for trading shall be identical to the exercise prices that are listed for the March quarterly options on the same underlying futures contract. For example, the exercise prices listed for the January contract shall be identical to those listed for the March contract.

3. Dynamically-Listed Exercise Prices

Upon demand and at the discretion of the Exchange, new out-of-current-range exercise prices at regularly defined intervals may be added for trading on as soon as possible basis

4. Options in the European Style Weekly Options Series

At the commencement of trading, the Exchange shall list all exercise prices within 25 strikes above and below the previous day's settlement price of the March quarterly options on the same underlying futures contract that are integers divisible by 10 without remainder, e.g. 1210, 1220, 1230, etc.

Exchange Staff, under delegated authority from the Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

357A01.F. Position Limits

No person shall own or control a combination of options and underlying futures contracts that exceeds 10,000 futures-equivalent contracts net on the same side of the market in all contract months combined.

For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.

357A01.G. Accumulation of Positions

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

357A01.H. Exemptions

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation §1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to option positions subject to Rule 559.

357A01.I. Termination of Trading¹⁶

1. Options in the March Quarterly Cycle

For options that expire in the March quarterly cycle, options trading shall terminate at the same date and time as the underlying futures contract.

2. Options Not in the March Quarterly Cycle

For options that expire in months other than those in the March quarterly cycle, options trading shall terminate on the third Friday of the contract month. If that day is not a scheduled Exchange business day, options trading shall terminate on the first preceding business day. 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.

3. Options in the European style Weekly Options Series

For options in the European style Weekly Options Series, trading shall terminate at 3:00 p.m. Chicago Time on the Friday of the named week of the contract month.

For the first (1st) weekly option of the month, if the first Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first business day immediately preceding the Friday. However, if the first business day immediately preceding the Friday falls in the preceding calendar month, the first weekly option shall not be listed for trading.

For the second (2nd) weekly option of the month, if the second Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first business day immediately preceding the Friday.

For the fourth (4th) weekly option of the month, if the fourth Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first business day immediately preceding the Friday.

For the fifth (5th) weekly option of the month, if the fifth Friday of the month is a scheduled Exchange holiday, the option shall terminate on the first business day immediately preceding the Friday.

357A01.J. Contract Modification

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these rules, such order, ruling, directive, or law shall be construed to become part of these rules and all open and new options contracts shall be subject to such governmental orders.

357A02. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of Nasdaq 100 Index options.

357A02.A. Exercise of Option by Buyer¹⁷

357A02.A.1 Options Not in the European Style "End-of-Month" Series

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 7:00 p.m. on the day of exercise.

An option in the March quarterly cycle that is in the money¹⁸ and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the business day following the termination of trading by the clearing member representing the option buyer, be exercised automatically.

In-the-money¹⁹ options that expire in months other than those in the March quarterly cycle and have not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary

¹⁶ Revised December 2001.

¹⁷ Revised August 2004.

¹⁸ An option in the March quarterly cycle is in the money if the Final Settlement Price of the underlying futures contract lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

¹⁹ An option that expires in a month other than those in the March quarterly cycle 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.

instructions delivered to the Clearing House by 7:00 p.m. on the day of the expiration by the clearing member representing the option buyer, be exercised automatically.

Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.²⁰

357A02.A.2 Options in European style Weekly Options Series

Following the termination of trading of an option, all in-the-money options shall be automatically exercised by the Clearing House. All out-of-the-money options shall be abandoned by the Clearing House on the day of expiration for the option. Whether an option is in or out of the money shall be determined based on the fixing price of the CME E-mini NSADAQ 100 stock index futures on the day of expiration, determined pursuant rule 359.A02.A.2.

An option is deemed in the money if the fixing price of the underlying futures contract 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. For example, if the fixing price were 1250.01 or higher, then 1250 Calls shall be exercised. If the fixing price were 1250.00 or lower, then 1250 Calls shall be abandoned. Similarly, if the fixing price were 1249.99 or lower, then 1250 Puts shall be exercised. If the fixing price were 1250.00 or higher, then 1250 Puts shall be abandoned.

357A02.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 trading 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.

357A03. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)

²⁰ Adopted August 1995.