

November 2, 2012

VIA E-MAIL

Ms. Sauntia Warfield
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

**RE: Regulation 40.6(a). Chicago Mercantile Exchange Inc. ("CME")
Submission # 12-365: Revisions to CME Interest Rate Futures and Options on
Futures Product Chapters**

Dear Ms. Warfield:

Chicago Mercantile Exchange, Inc. ("CME" or the "Exchange") is self-certifying revisions to all CME Interest Rate futures and options on futures product chapters in connection with the October 17, 2012, compliance date for designated contract markets ("DCMs") with respect to the Commodity Futures Trading Commission ("CFTC") final rule on Core Principles and Other Requirements for Designated Contract Markets ("Core Principles"). The revisions will become effective on November 20, 2012.

The revisions are being adopted to ensure that the Exchange's rules are in compliance with CFTC Core Principle 7 ("Availability of General Information"), which requires that DCMs make available to the public accurate information concerning the contract market's rules and regulations, contracts and operations. Correspondingly, the goal of the CME Rulebook Harmonization Project was to eliminate old, erroneous and obsolete language, ensure the accuracy of all listed numerical values (e.g, trading units, tick sizes, etc.) and harmonize the language and structure of the CME product chapters, to the best extent possible. This exercise was already completed for the CBOT product chapters in 2008, in connection with the CME/CBOT merger, and a similar review is currently underway in all NYMEX and COMEX product chapters. The majority of the revisions are stylistic in nature. The substantive revisions include the following:

- Removed product-specific position limits, accountability and reportable levels and replaced with boilerplate language redirecting to the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of CME Chapter 5
- Removed product-specific exemption and accumulation language and replaced with boilerplate language
- Harmonized product titles
- Harmonized rule titles
- Harmonized Scope of Chapter language and added a boilerplate reference to Chicago time
- Removed all footnotes referencing rule revision dates
- Removed the Contract Modification section from the product chapters and replaced with a boilerplate rule, Rule 419 ("Contract Modification"), relocated to Chapter 4 of each Exchange's Rulebook
- Removed obsolete references to the Board and changed to the Exchange
- Removed Failure to Perform/Deliver rules for cash-settled products

- Removed references to outdated or obsolete SERs
- Capitalized defined terms (e.g., Business Day, Trading Day)
- Revised the Final Settlement Price language and formulas in Chapter 414
- Eliminated the Clearing House credit and/or debit language pertaining to minimum fluctuations in the Price Increments sections

The Market Regulation Department and the Legal Department collectively reviewed the DCM Core Principles as set forth in the Commodity Exchange Act (“Act”). During the review, we have identified that the changes described above may have some bearing on the following Core Principles:

Compliance with Rules: The changes resulted from a comprehensive review of the existing product chapters, with the goal that the product chapters be completely accurate and for the most part harmonized as a result of the revisions. Product terms and conditions were reviewed to ensure accuracy and obsolete and inaccurate information was modified.

Position Limitations or Accountability: This Core Principle requires the DCM to adopt for each contract, as is necessary and appropriate, position limitations or position accountability for speculators. All specific position limits, accountability levels and reportable levels were removed from the product chapters. Instead, a boilerplate paragraph titled “Position Limits, Exemptions, Position Accountability and Reportable Levels” references generic position limit language and directs the reader to the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of CME Chapter 5. This change was made to eliminate multiple sources containing the same information.

Availability of General Information: These revised CME product chapters are part of a larger Core Principle 7 project undertaken to ensure that the product chapters are accurate and remain in compliance with Core Principle 7. The revised product chapters will be disseminated to the marketplace via the issuance of a Special Executive Report and will highlight any changes deemed material.

The revisions appear in Exhibit A with additions underscored and deletions overstruck.

The Exchange certifies that the revisions in Exhibit A comply with the Act and regulations thereunder. 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>.

If you have any questions regarding this submission, please contact Erin Schwartz, Market Regulation, at 312.341.3083 or via email at Erin.Schwartz@cmegroup.com or Daniel Grombacher, Research & Product Development, at 312.634.1583 or via email at Daniel.Grombacher@cmegroup.com. Alternatively, you may contact me at 312.930.8167 or via email at Sean.Downey@cmegroup.com. Please reference CME Submission No. 12-365 in any related correspondence.

Sincerely,

/s/ Sean Downey
Director & Assistant General Counsel

Attachments: Exhibit A – Revisions to CME Interest Rate Product Chapters

Chapter 414

Eurozone Harmonized Index of Consumer Prices (HICP) Futures

41400. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading in~~ Eurozone Harmonized Index of Consumer Prices excluding tobacco ("HICP") ~~published by Eurostat, the Statistical Office of the European Commission~~~~futures.~~ ~~The procedures for trading, clearing, delivery, settlement and any other matters not specifically contained herein shall be governed by the rules of the Exchange.~~ In addition to this chapter, Eurozone HICP futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.

41401. ~~CONTRACT~~COMMODITY SPECIFICATIONS

Each futures contract shall be valued at €10,000.00 times the Reference HICP Futures Index defined as 100.00 less annual inflation rate in the twelve-month period preceding the contract month based on the Eurozone Harmonized Index of Consumer Prices excluding tobacco ("HICP") published by Eurostat, the Statistical Office of the European Commission.

41402. ~~TRADING SPECIFICATIONS~~FUTURES CALL

41402.A. Trading Schedule

Futures contracts shall be scheduled for trading and delivery during such hours and in such months as may be determined by the ~~Exchange~~Board of Directors.

41402.B. Trading Unit

The size of the unit of trading shall be the €10,000.00 times the Reference HICP Futures Index defined as 100.00 less annual inflation rate in the twelve-month period preceding the contract month based on the Eurozone Harmonized Index of Consumer Prices excluding tobacco ("HICP") published by Eurostat, the Statistical Office of the European Commission.

41402.C. Price Increments

~~Bids and offers~~Prices shall be quoted in IMM terms of the Reference HICP Futures Index defined as 100.00 less annual inflation rate in the twelve-month period preceding the contract month based on the Eurozone Harmonized Index of Consumer Prices excluding tobacco ("HICP") published by Eurostat, the Statistical Office of the European Commission. (Twelve-month or year-to-year inflation at the rate of 3.20% per annum shall be quoted as 96.80).

Minimum fluctuations of the futures contract shall be in multiples of 0.01. ~~For each 0.01 increase in the futures contract the Clearing House shall credit (€100.00 per contract) those clearing members holding open long positions and debit (€100.00 per contract) those clearing members holding open short positions.~~

41402.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

~~A person shall not own or control more than 5,000 contracts net long or net short in all contract months combined.~~

41402.E. [Reserved]Accumulation of Positions

~~For 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.~~

41402.F. ~~[Reserved]~~Exemptions

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions and intercommodity spread positions subject to Rule 559.~~

41402.G. Termination of Trading

Futures trading shall terminate at 4:00 p.m. (London time)* on the ~~B~~business ~~D~~day preceding the day of the release of the Eurozone Harmonized Index of Consumer Prices excluding tobacco ("HICP") by Eurostat, the Statistical Office of the European Commission, in the contract month.

*This is 10:00 a.m. (Chicago time)-except when Daylight Savings Time is in effect in either, but not both, London or Chicago.

41402.H. ~~[Reserved]~~Contract Modifications

~~Specifications shall be fixed as of the first day of trading on a contract, except that all deliveries must conform to government regulations in force at the time of delivery. If any European Commission governmental agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules and all open and new contracts shall be subject to such government orders.~~

41402.I. [Reserved]**41403. SETTLEMENT PROCEDURES**

Delivery under the Eurozone ~~Harmonized Index of Consumer Prices~~HICP excluding tobacco futures contracts shall be by cash settlement.

41403.A. Final Settlement Price

~~The Final Settlement Price shall be the Reference HICP Futures Index for the contract month, rounded up to the nearest 1/10000th of a percentage point. The Reference HICP Futures Index shall be determined by the annual inflation rate in the twelve-month period preceding the contract month based on the Eurozone Harmonized Index of Consumer Prices excluding tobacco ("HICP") published by Eurostat, the Statistical Office of the European Commission.~~

~~For example, the Reference HICP Futures Index for the July 2004 contract is computed using the annualized percentage change from the HICP for June 2003 (released in July 2003) to the HICP for June 2004 (released in July 2004). If the HICP values for June 2003 and June 2004 are 112.7 and 115.1, respectively, then the Reference HICP Futures Index for the July 2004 contract shall be:~~

$$\underline{2.129547471 = 100 \times [(115.1/112.7) - 1] = 100 \times [(HICP_{Jun04} / HICP_{Jun03}) - 1]}$$

~~Upon rounding this value to the nearest 1/10000th of a percentage point, the Final Settlement Price for the July 2004 contract is determined as 100.00 - 2.1295 = 97.8705.~~

~~For the purpose of determining the Reference HICP Futures Index and the Final Settlement Price, the HICP data as originally released shall be referenced in the calculations. Subsequent revisions to the HICP data shall not be recognized. For example, the HICP for June 2003 as originally released in July 2003 shall be referenced in the calculation of the Reference HICP Futures Index for the July 2004 contract. Any subsequent revision to the HICP for June 2003 shall not be recognized.~~

~~In the event that Eurostat does not publish the HICP during the contract month, the futures contract Final Settlement Price shall be based on the most recent available value of the Reference HICP Futures Index. If the HICP for month M is not reported by the end of the next month (except for February, in which case if the HICP is not reported on or before the first Business Day following the second Tuesday of March), then the Exchange will use the following formula to calculate the index number (assuming the last reported HICP was N months prior to month M):~~

$$\underline{HICP_M = HICP_{M-12\text{ months}} \times (HICP_{M-N} / HICP_{M-N-12\text{ months}})}$$

~~Where: M = HICP for the current contract month~~

N = Number of months prior to M of last released HICP

The value of $HICP_M$, so calculated, shall be rounded up to one (1) decimal place, with tie values (ending in 0.05) rounded up to the nearest decimal place.

For example, suppose hypothetically that (a) the August 2007 HICP has not been released by the end of the September 2007 contract month, (b) the August 2006 HICP (released in September 2006) is 108.6, (c) the latest available value of HICP is for May 2007 (released in June 2007), and is 120.1, and (d) the HICP for May 2006 (released in June 2006) is 105.0. Then the HICP value for August 2007 would be calculated by the Exchange as:

$$124.2 = 108.6 \times (120.1/105.0) = HICP_{Aug06} \times (HICP_{May07} / HICP_{May06})$$

The Reference HICP Futures Index for the September 2007 contract would be:

$$14.364640884 = 100 \times [(124.2/108.6) - 1] = 100 \times [(HICP_{Aug07} / HICP_{Aug06}) - 1]$$

Upon rounding this value to the nearest 1/10000th of a percentage point, the Final Settlement Price for the September 2007 contract would be determined as $100.00 - 14.3646 = 85.6354$.

Such HICP calculations in the case of delays by Eurostat in the release of HICP data beyond the contract month, shall reference only HICP data released by the Eurostat or any other European Commission governmental agency or body. Calculated values shall be referenced only for the purpose of determining the Reference HICP Futures Index and the Final Settlement Price for contract months for which relevant HICP data have not been released.

In the event that Eurostat changes the base period, the Reference HICP Futures Index and the Final Settlement Price for the all listed contract months shall be determined by referencing the HICP calculated using the old base period. The Reference HICP Futures Index and the Final Settlement Price for all subsequently listed contract months shall be determined by referencing the HICP calculated using the new base period.

~~The Final Settlement Price shall be the Reference HICP Futures Index for the contract month, rounded to the nearest 1/10000th of a percentage point. The Reference HICP Futures Index shall be determined by the annual inflation rate in the twelve-month period preceding the contract month based on the Eurozone Harmonized Index of Consumer Prices excluding tobacco ("HICP") published by Eurostat, the Statistical Office of the European Commission.~~

~~For example, the Reference HICP Futures Index for the July 2004 contract is computed using the annualized percentage change from the HICP for June 2003 (released in July 2003) to HICP for June 2004 (released in July 2004). The HICP for June 2003 and June 2004 are 112.7 and 115.1 respectively. The Reference HICP Futures Index for the July 2004 contract shall be 100.00 less the following value:~~

$$[100 * ((115.1 \div 112.7) - 1)] = 2.129547471,$$

~~rounded to 2.1295. The Reference HICP Futures Index as well as the Final Settlement Price shall be $100.00 - 2.1295 = 97.8705$.~~

~~For the purpose of determining the Reference HICP Futures Index and the Final Settlement Price, the HICP data as originally released shall be referenced in the calculations. Subsequent revisions to the HICP data shall not be recognized. For example, the HICP for June 2003 as originally released in July 2003 shall be referenced in the calculation of the Reference HICP Futures Index for the July 2004 contract. Any subsequent revision to the HICP for June 2003 shall not be recognized.~~

~~In the event that Eurostat does not publish the HICP during the contract month, the Reference HICP Futures Index and the Final Settlement Price shall be computed using the HICP value calculated based on the last twelve-month change in the HICP available. If the HICP for month M is not reported by the end of the next month, (except for the month of February for which if the HICP for month M is not reported by the first business day following the second Tuesday of March), the~~

Exchange will use the following formula to calculate the index number (assuming the last reported HICP was N months prior to month M):

~~Suppose the August 2007 HICP has not been released by the end of the September 2007 contract month. The last released HICP for May 2007 was 120.1; the HICP for May 2006 was 105.0. The HICP for August 2007 shall be rounded to 124.2. Such HICP calculations in the case of delays by Eurostat in the release of HICP data beyond the contract month, shall reference only HICP data released by the Eurostat or any other European Commission governmental agency or body. Calculated values shall be referenced only for the purpose of determining the Reference HICP Futures Index and the Final Settlement Price for contract months for which relevant HICP data have not been released.~~

~~In the event that Eurostat changes the base period, the Reference HICP Futures Index and the Final Settlement Price for the all listed contract months shall be determined by referencing the HICP calculated using the old base period. The Reference HICP Futures Index and the Final Settlement Price for all subsequently listed contract months shall be determined by referencing the HICP calculated using the new base period.~~

41403.B. Final Settlement

Clearing members holding open positions in Eurozone HICP futures contracts at the time of termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

41404. [RESERVED]

(End Chapter 414)

Chapter 435

CME Barclays Capital U.S. Aggregate Bond Index Futures

43500. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading in the~~ CME Barclays Capital U.S. Aggregate Bond Index ~~futures~~. ~~The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, CME Barclays Capital U.S. Aggregate Bond Index futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.~~

~~For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.~~

43501. ~~CONTRACT~~COMMODITY SPECIFICATIONS

Each futures contract shall be valued at \$100.00 times the Barclays Capital U.S. Aggregate Bond Index Value. The Barclays Capital U.S. Aggregate Bond Index Value is equal to the Barclays Capital U.S. Aggregate Bond Index plus 100. The Barclays Capital U.S. Aggregate Bond Index is a total return, value-weighted composite index of U.S. dollar denominated investment grade fixed income instruments.

43502. ~~TRADING SPECIFICATIONS~~FUTURES CALL

43502.A. Trading Schedule

Futures contracts shall be scheduled for trading during such hours and for delivery in such months as may be determined by the ~~Exchange~~Board of Directors.

43502.B. Trading Unit

The unit of trading shall be \$100.00 times the Barclays Capital U.S. Aggregate Bond Index Value.

43502.C. Price Increments

~~Bids and offers~~Prices shall be quoted in terms of the Barclays Capital U.S. Aggregate Bond Index Value. The minimum fluctuation of the futures contract shall be 0.20 index points, equivalent to \$20.00 per contract.

43502.D. Position Limits, ~~Exemptions, Position Accountability and Reportable Levels~~

~~The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.~~

~~A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.~~

~~Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits. A person shall not own or control more than 5,000 contracts not long or not short in all contract months combined. For positions involving options on CME Barclays Capital U.S. Aggregate Bond Index futures, this rule is superseded by the option speculative position limit rule.~~

43502.E. ~~[Reserved]~~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.~~

43502.F. ~~[Reserved]~~Exemptions

~~The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 559, and (3) cash substitute positions described in Rule 35406.~~

43502.G. Termination of Trading

Futures trading shall terminate at 2:00 ~~pP.m.~~ (Chicago time) on the last ~~B~~business ~~D~~day of the designated contract month.

43502.H. ~~[Reserved]Contract Modifications~~

~~Specifications shall be fixed as of the first day of trading of a contract. If any U.S. governmental agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subject to such government orders.~~

43503. SETTLEMENT PROCEDURES

Delivery under the CME Barclays Capital U.S. Aggregate Bond Index futures contract shall be by cash settlement.

43503.A. Final Settlement Price

The Final Settlement Price shall be the final quotation of the Barclays Capital U.S. Aggregate Bond Index Value determined on the last ~~B~~business ~~D~~day of the contract month, rounded to the nearest one-hundredth (1/100th) of a percentage point. ~~A~~ Final Settlement Price equal to 1,305.34 is quoted to the nearest one-hundredth (1/100th) of a decimal point. If the Barclays Capital U.S. Aggregate Bond Index is not scheduled to be published on the last ~~B~~business ~~D~~day of the contract month, the Final Settlement Price shall be determined on the first earlier day for which the Index is scheduled to be published.

43503.B. Final Settlement

Clearing members holding open positions in a CME Barclays Capital U.S. Aggregate Bond Index futures contract at the time of termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price. The final settlement day shall be the first ~~B~~business ~~D~~day following the Termination of Trading day.

43504.-05. [RESERVED]**~~43505. FAILURE TO PERFORM~~**

~~If a clearing member fails to perform all acts required by this chapter, then that clearing member shall be deemed as failing to perform, which may be punishable as a major violation. The Board shall determine and assess losses sustained, taking into account the settlement price, interest earnings foregone, and such other factors as it deems appropriate. The Board may also assess such penalties as it deems appropriate in addition to damages.~~

[\(End Chapter 435\)](#)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 435

LIMITATION OF LIABILITY AND DISCLAIMER

The CME Barclays Capital U.S. Aggregate Bond Index futures contract is not sponsored, endorsed, sold or promoted by Barclays Capital Inc. ("Barclays"). Barclays makes no representation or warranty, express or implied, to the owners of the CME Barclays Capital U.S. Aggregate Bond Index futures contract or any member of the public regarding the advisability of investing in securities generally or in the CME Barclays Capital U.S. Aggregate Bond Index futures contract particularly or the ability of the Barclays Capital U.S. Aggregate Bond Index to track general commodity market performance. Barclays' only relationship to the Chicago Mercantile Exchange Inc. (together with its affiliates, "CME") is the licensing of the Barclays Capital U.S. Aggregate Bond Index which is determined, composed and calculated by Barclay without regard to the CME or the CME Barclays Capital U.S. Aggregate Bond Index futures contract. Barclay has no obligation to take the needs of the CME or the owners of the CME Barclays Capital U.S. Aggregate Bond Index futures contract into consideration in determining, composing or calculating the Barclays Capital U.S. Aggregate Bond Index. Barclays is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the CME Barclays Capital U.S. Aggregate Bond Index futures contract to be issued or in the determination or calculation of the equation by which the CME Barclays Capital U.S. Aggregate Bond Index futures contract is to be converted into

cash. Barclays has no obligation or liability in connection with the administration, marketing or trading of the CME Barclays Capital [U.S. Aggregate Bond](#) Index futures contract.

BARCLAYS DOES NOT GUARANTEE THE QUALITY, ACCURACY AND/OR THE COMPLETENESS OF THE BARCLAYS CAPITAL U.S. AGGREGATE BOND INDEX, OR ANY DATA INCLUDED THEREIN, OR OTHERWISE OBTAINED BY CME, OWNERS OF THE CME BARCLAYS CAPITAL [U.S. AGGREGATE BOND](#) INDEX FUTURES CONTRACT, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE BARCLAYS CAPITAL U.S. AGGREGATE BOND INDEX IN CONNECTION WITH THE RIGHTS LICENSED HEREUNDER OR FOR ANY OTHER USE. BARCLAYS MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OF FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE BARCLAYS CAPITAL U.S. AGGREGATE BOND INDEX, OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL BARCLAYS HAVE ANY LIABILITY FOR (1) THE ACCURACY, COMPLETENESS OR CURRENCY OF THE BARCLAYS CAPITAL U.S. AGGREGATE BOND INDEX OR FOR DELAYS OR OMISSIONS THEREIN, OR FOR INTERRUPTIONS IN THE DELIVERY OF THE BARCLAYS CAPITAL U.S. AGGREGATE BOND INDEX, OR (2) ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Barclays Capital U.S. Aggregate Bond Index and Barclays Capital Aggregate Index are service marks of Barclays Capital Inc.

Chapter 435A
Options on CME Barclays Capital
U.S. Aggregate Bond Index Futures ~~Contracts~~

435A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on CME Barclays Capital U.S. Aggregate Bond Index futures ~~contracts~~. ~~The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, options on CME Barclays Capital U.S. Aggregate Bond Index futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.~~

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicated Chicago time.

435A01. _____ OPTIONS CHARACTERISTICS

435A01.A. Contract Months and Trading Hours

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

435A01.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 respective CME Barclays Capital U.S. Aggregate Bond Index futures contract as specified in Chapter 435.

435A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the CME Barclays Capital U.S. Aggregate Bond Index futures. Each index point represents \$100. For example, a quote of 2 index points represents \$200. The minimum fluctuation shall be 0.10 index points (also known as one tick), equal to \$10.

435A01.D. [Reserved]

435A01.E. Exercise Prices

Exercise prices shall be stated in terms of the CME Barclays Capital U.S. Aggregate Bond Index futures contract. Eligible exercise prices shall be at intervals of 5.00 index points

At the commencement of option trading in a contract month, the Exchange shall list all exercise prices that are integers divisible by 5 without remainder *e.g.*, 1305.00, 1310.00, 1315.00, 1320.00, etc. in a range of 50.00 Index Value points above and below the previous day's settlement of the CME Barclays Capital U.S. Aggregate Bond Index futures contract. New options may be listed for trading up to and including the termination of trading.

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

435A01.F. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 5,000 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.~~

435A01.G. ~~[Reserved]~~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.~~

435A01.H. ~~[Reserved]~~Exemptions

~~The foregoing position limits shall not apply to commercially appropriate risk reducing options 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 exempted pursuant to Rule 559.~~

435A01.I. Termination of Trading

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.

435A01.J. ~~[Reserved]~~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.~~

435A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of options on CME Barclays Capital U.S. Aggregate Bond Index futures.

435A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer on any ~~B~~business ~~D~~day the option is traded. Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated 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 expiration by the clearing member representing the option buyer, be exercised automatically.

435A02.B. Assignment

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

435A03. [RESERVED]

~~(End Chapter 435A)~~

INTERPRETATIONS AND SPECIAL NOTICES

RELATING TO CHAPTER 435A

LIMITATION OF LIABILITY AND DISCLAIMER

The CME Barclays Capital U.S. Aggregate Bond Index options on futures contract is not sponsored, endorsed, sold or promoted by Barclays Capital Inc. ("Barclays"). Barclays makes no representation or warranty, express or implied, to the owners of the CME Barclays Capital Aggregate Index options on futures contract or any member of the public regarding the advisability of investing in securities generally or in the CME Barclays Capital Aggregate Index options on futures contract particularly or the ability of the Barclays Capital U.S. Aggregate Bond Index to track general commodity market performance. Barclays's only relationship to the Chicago Mercantile Exchange Inc. (together with its affiliates, "CME") is the licensing of the Barclays Capital U.S. Aggregate Bond Index which is determined, composed and calculated by Barclays without regard to the CME or the CME Barclays Capital Aggregate Index options on futures contract. Barclays has no obligation to take the needs of the CME or the owners of the CME Barclays Capital Aggregate Index options on futures contract into consideration in determining, composing or calculating the Barclays Capital U.S. Aggregate Bond Index. Barclays is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the CME Barclays Capital Aggregate Index options on futures contract to be issued or in the determination or calculation of the equation by which the CME Barclays Capital Aggregate Index futures contract is to be converted into cash. Barclays has no obligation or liability in connection with the administration, marketing or trading of the CME Barclays Capital Aggregate Index options on futures contract.

BARCLAYS DOES NOT GUARANTEE THE QUALITY, ACCURACY AND/OR THE COMPLETENESS OF THE BARCLAYS CAPITAL U.S. AGGREGATE BOND INDEX, OR ANY DATA INCLUDED THEREIN, OR OTHERWISE OBTAINED BY CME, OWNERS OF THE CME BARCLAYS CAPITAL AGGREGATE INDEX OPTIONS ON FUTURES CONTRACT), OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE BARCLAYS CAPITAL U.S. AGGREGATE BOND INDEX IN CONNECTION WITH THE RIGHTS LICENSED HEREUNDER OR FOR ANY OTHER USE. BARCLAYS MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OF FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE BARCLAYS CAPITAL U.S. AGGREGATE BOND INDEX, OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL BARCLAYS HAVE ANY LIABILITY FOR (1) THE ACCURACY, COMPLETENESS OR CURRENCY OF THE BARCLAYS CAPITAL U.S. AGGREGATE BOND INDEX OR FOR DELAYS OR OMISSIONS THEREIN, OR FOR INTERRUPTIONS IN THE DELIVERY OF THE BARCLAYS CAPITAL U.S. AGGREGATE BOND INDEX, OR (2) ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Barclays Capital U.S. Aggregate Bond Index and Barclays Capital Aggregate Index are service marks of Barclays Capital Holdings Inc.

CLARIFICATION OF NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE

~~(Special Executive Report S-1618, March 31, 1986)~~

~~Please note that the non-agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures position that exceeds the futures position limit rule if that gross position is part of a spread with options, such that the net position across options and futures is less than the applicable limit set in the options rule.~~

Chapter 451

13-~~W~~week U.S. Treasury Bills Futures

45100. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading in 13-Week~~ (also known as "91-~~Day~~" or "3-~~Month~~") U.S. Treasury ~~Bills~~ futures. ~~In addition to this chapter, 13-Week U.S. Treasury -Bill futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.~~

~~For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time. 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.~~

45101. ~~CONTRACT~~COMMODITY SPECIFICATIONS

Each futures contract shall be for ~~3-month~~ (13-~~week~~~~week~~) U.S. Treasury bills having a face value at maturity of \$1,000,000.

45102. ~~TRADING SPECIFICATIONS~~FUTURES CALL ⁴

45102.A. Trading Schedule²

Futures contracts shall be scheduled for trading during such hours and delivery in such months as may be determined by the ~~Exchange~~Board of Directors.

45102.B. Trading Unit

The size of the unit of trading shall be ~~13-week~~ U.~~nited~~ S.~~tates~~ Treasury bills having a face value at maturity of \$1,000,000.

45102.C. Price Increments

Prices shall be quoted in terms of the IMM index. (Example: A ~~Treasury~~-bill discount rate of 5.20 shall be quoted as 94.80.) Minimum price fluctuations of the IMM index shall be in multiples of .005 (\$12.50). The minimum fluctuation is equal to a one-half basis point. ³

45102.D. Position Limits, ~~Exemptions, Position Accountability and Reportable Levels~~

~~The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.~~

~~A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.~~

~~Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.~~

~~A person shall not own or control more than 5,000 contracts not long or not short in all contract months combined, except that in no event shall he own or control more than the numbers of contracts that correspond to fifteen percent of the announced auction amount of the 91-day U.S. Treasury Bill auction to which the contract settles in the lead month on or after the day two days prior to the delivery day. For positions involving options on 3-Month U.S. Treasury Bill futures, this rule is superseded by the option speculative position limit rule.~~

45102.E. ~~[Reserved]~~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.~~

45102.F. ~~[Reserved]~~Exemptions

⁴ Daily RTH price limits were eliminated effective December 19, 1985.

² Revised December 2001.

³ The IMM index is the difference between the actual T-bill yield and 100.00. A T-bill yield, or bank discount rate, is the difference between the face value of a T-bill and its market value on an annualized basis.

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559, except that lead month position limits shall apply to intercommodity spread positions.~~

45102.G. Termination of Trading

Futures trading shall terminate at 12:00 noon ~~Chicago time~~ on the ~~B~~business ~~D~~day of the ~~91-Day13-week~~ U.S. Treasury ~~Bill-bill~~ auction in the week of the third Wednesday of the contract month.

45102.H. ~~[Reserved]Contract Modifications~~

~~Specification shall be fixed as of the first day of trading of a contract except that all deliveries must conform to government regulations in force at the time of delivery. If any U.S. governmental agency or body issues an order, ruling, directive or law pertaining to the trading, governmental auction, or delivery of U.S. Treasury bills, such order, ruling, directive or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subject to such governmental orders.~~

45103. SETTLEMENT PROCEDURES

Delivery under the 13-Week U.S. Treasury Bill futures shall be by cash settlement.

45103.A. Final Settlement Price

The final settlement price shall be 100 minus the highest discount rate accepted, rounded to the nearest 1/100th of a percentage point, in the U.S. Department of Treasury's ~~91-Day13-week~~ U.S. Treasury ~~Bill-bill~~ auction in the week of the third Wednesday of the contract month.⁴ Decimal fractions ending in 0.005% are rounded up. For example, a discount rate of 0.325% would be rounded to 0.33% and then subtracted from 100 to determine the final settlement price of 99.67. Alternatively, a discount rate of 0.3245% would be rounded to 0.32% and then subtracted from 100 to determine the final settlement price of 99.68.⁵

45103.B. Final Settlement

Clearing members holding open positions in a 13-Week U.S. Treasury Bill futures contract at the termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

45103.C.-I. [Reserved]

45104.-065.[RESERVED]

45106. [RESERVED]

[\(End Chapter 451\)](#)

⁴-Revised October 1998.

⁵-Revised April 2009.

Chapter 452 Three-Month Eurodollar Futures

45200. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading in~~ Three-Month Eurodollars ~~futures~~. ~~The procedures for trading, clearing, delivery and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~ In addition to this chapter, Three-Month Eurodollar futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.

45201. ~~CONTRACT~~COMMODITY SPECIFICATIONS

Each futures contract shall be for a Eurodollar Interbank Time Deposit having a principal value of \$1,000,000 with a three-month term to maturity.

45202. ~~TRADING SPECIFICATIONS~~FUTURES CALL

45202.A. Trading Schedule¹

Futures contracts shall be scheduled for trading during such hours and delivery in such months as may be determined by the Exchange.

45202.B. Trading Unit

The size of the unit of trading shall be Eurodollar Interbank Time Deposits in the amount of \$1,000,000.

45202.C. Price Increments²

~~Prices~~Bids and offers shall be quoted in terms of the IMM Index, 100.00 00 minus the three-month Eurodollar interbank time deposit rate on an annual basis for a 360-day year. (For example, a rate of 7.20 percent shall be quoted as 92.8000.)

1. The Nearest Expiring Contract Month

Minimum fluctuations of the IMM Index shall be in multiples of 0.0025 Index points, equal to \$6.25 per contract. ~~For each .0025 increase in the Index, the Clearing House shall credit \$6.25 per contract to those clearing members holding open long positions and debit \$6.25 per contract from those clearing members holding open short positions. For each .0025 decline in the Index, the Clearing House shall debit \$6.25 per contract from those clearing members holding open long positions and credit \$6.25 per contract to those clearing members holding open short positions.~~

2. All Contract Months Excluding the Nearest Expiring Contract Month

Minimum fluctuations of the IMM Index shall be in multiples of 0.005 Index points, equal to \$12.50 per contract. ~~For each .005 increase in the Index, the Clearing House shall credit \$12.50 per contract to those clearing members holding open long positions and debit \$12.50 per contract from those clearing members holding open short positions. For each .005 decline in the Index the Clearing House shall debit \$12.50 per contract from those clearing members holding open long positions and credit \$12.50 per contract to those clearing members holding open short positions.~~

45202.D. Position Limits, Exemptions, Position Accountability and Reportable Levels³

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

¹Revised December 2001.

²Revised January 1997; March 1997; August 1998; November 2000; May 2002; February 2003; May 2003.

³Effective July 5, 1983; Revised March 1990; January 1992.

~~Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.~~

~~A person owning or controlling more than 10,000 contracts net long or net short in all contract months combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable. For positions involving options on Three-Month Eurodollar futures, this rule is superseded by the option position accountability rule.—~~

45202.E. ~~[Reserved]~~Accumulation of Positions¹

~~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.~~

45202.F. ~~[Reserved]~~

45202.G. Termination of Trading²

Futures trading shall terminate at 11:00 a.m. London ~~t~~Time* on the second London bank ~~B~~business ~~D~~elay immediately preceding the third Wednesday of the contract's named month of delivery.

*This is 5:00 a.m. Chicago ~~t~~Time except when Daylight Savings Time is in effect in either, but not both, London or Chicago.

45202.H. ~~[Reserved]~~Contract Modifications

~~Specifications shall be fixed as of the first day of trading and/or clearing of a contract except that all deliveries must conform to governmental regulations in force at the time of delivery.—If any U.S. governmental agency or body issues an order, ruling, directive or law pertaining to the trading, clearing or delivery of Eurodollars, such order, ruling, directive or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subjected to such government orders.~~

45203. SETTLEMENT PROCEDURES

Delivery shall be by cash settlement.

45203.A. Final Settlement Price³

The final settlement price of an expiring contract shall be 100 minus the three-month Eurodollar interbank time deposit rate determined at the British Bankers' Association (BBA) LIBOR fixing on the second London bank ~~B~~business ~~D~~elay immediately preceding the third Wednesday of the contract's named month of delivery. The value of such three-month Eurodollar interbank time deposit rate shall be rounded to the nearest 1/10,000th of a percentage point per annum. Tie values, i.e., any such values ending in 0.00005 shall be rounded up. For example, a Three-Month BBA LIBOR fixing value of 8.65625 percent would be rounded up to 8.6563 percent, and then subtracted from 100 to determine a contract final settlement price of 91.3437.

45203.B. Final Settlement⁴

Clearing members holding open positions in a contract at the time of termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

45204.-35. ~~[RESERVED]~~FAILURE TO PERFORM

~~If the clearing member with a delivery commitment fails to perform all acts required by this chapter, then that clearing member shall be deemed as failing to perform which may be punishable as a major violation.—A clearing member shall be liable to the clearing member to which it was matched on the failing transaction for any loss sustained.—The Board shall determine and assess losses sustained, taking into account the settlement price, interest earnings foregone, and such other factors as it deems appropriate.—The Board~~

¹ Effective July 5, 1983; Revised September 1986.

² Revised January 1997.

³ Revised February 1991; January 1997.

⁴ Revised June 1992.

~~may also assess such penalties as it deems appropriate in addition to damages.~~

~~45205. [RESERVED]~~

~~45206. [RESERVED]~~

~~45207.-29. [RESERVED]~~

~~45230. [RESERVED]~~

~~45231. [RESERVED]~~

~~45232. SETTLEMENT PROCEDURES~~

~~Delivery shall be by cash settlement.~~

~~45232.A. Final Settlement Price~~

~~Final settlement price of an expiring "cleared only" futures contract shall be determined on the contract's last day of clearing (Rule 45231.G.). The final settlement price shall be 100 minus the three-month Eurodollar interbank time deposit rate determined at the British Bankers' Association (BBA) LIBOR fixing on the contract's last day of clearing. For example, the final settlement price of a "cleared only" futures contract for last day of clearing on April 1, 2009, will be made with reference to the Three-Month BBA LIBOR that is fixed on April 1, 2009.~~

~~The value of such three-month Eurodollar interbank time deposit rate shall be rounded to the nearest 1/10,000th of a percentage point per annum. Tie values, ie, any such values ending in .00005, shall be rounded up. For example, a Three-Month BBA LIBOR fixing value of 8.65625 percent would be rounded up to 8.6563 percent, and then subtracted from 100 to determine a contract final settlement price of 91.3437.~~

~~45232.B. Final Settlement~~

~~(Refer to Rule 45203.B. Final Settlement)~~

~~45233. FAILURE TO PERFORM~~

~~(Refer to Rule 45204. FAILURE TO PERFORM)~~

~~45234. [RESERVED]~~

~~45235. [RESERVED]~~

(End Chapter 452)

INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 452

The Exchange has entered into an agreement with the British Bankers' Association ("BBA") which permits the Exchange to use BBA LIBOR as the basis for settling Three-Month Eurodollar futures contracts and to refer to BBA LIBOR in connection with creating, marketing, trading, clearing, settling and promoting Three-Month Eurodollar futures contracts.

Three-Month Eurodollar futures contracts are not in any way sponsored, endorsed, sold or promoted by the BBA, and the BBA has no obligation or liability in connection with the trading of any such contracts. BBA LIBOR is compiled and calculated solely by the BBA. However, the BBA shall not be liable (whether in negligence or otherwise) to any person for any error in BBA LIBOR, and the BBA shall not be under any obligation to advise any person of any error therein.

THE BBA MAKES NO WARRANTY, EXPRESS OR IMPLIED, EITHER AS TO THE RESULTS TO BE OBTAINED FROM THE USE OF BBA LIBOR AND/OR THE FIGURE AT WHICH BBA LIBOR STANDS AT ANY PARTICULAR TIME ON ANY PARTICULAR DAY OR OTHERWISE. THE BBA MAKES NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE FOR USE WITH RESPECT TO THREE-MONTH EURODOLLAR FUTURES CONTRACTS.

Chapter 452A

Options on Three-Month Eurodollar Futures

452A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call options on of the Three-Month Eurodollar Time Deposit futures contract ("Eurodollar 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.~~ In addition to this chapter, options on Three-Month Eurodollar futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

~~For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.~~

452A01. OPTIONS CHARACTERISTICS

452A01.A. Contract Months and Trading Hours¹

Options shall be listed for such contract months and scheduled for trading during such hours as may be determined by the Exchange.

452A01.B. Trading Unit²

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Three-Month Eurodollar Time Deposit futures contract as specified in Chapter 452.

452A01.C. Minimum Fluctuations³

The price of an option shall be quoted in IMM Index points. Each 0.01 IMM Index point (1 basis point) shall represent \$25. For example, a quote of 0.35 represents an option price of \$875 (35 basis points x \$25).

1. Contract Month Whose Underlying Futures Contract is the Nearest Expiring Futures Contract Month

The minimum fluctuation shall be 0.0025 IMM Index point (also known as one-quarter tick).

2. All Other Contract Months

The minimum fluctuation shall be 0.005 IMM Index point (also known as one-half tick). Trades may also occur at a price of 0.0025 IMM Index point (\$6.25, also known as one-quarter tick), whether or not such trades result in the liquidation of positions for both parties to the trade.

Further, for options expiring in the nearest or second nearest March quarterly or the nearest or second nearest non-March quarterly contract months trading at a premium of no more than 0.05 IMM Index points, or spread and combination trades at a net premium of no more than 0.05 IMM Index points and consisting of options contracts involving the nearest and/or second nearest non-March quarterly months and/or the nearest and/or second nearest March quarterly months only, the options in the combination may trade in increments of 0.0025 IMM index points.

For the purpose of Rule 813.—Settlement Prices, the minimum fluctuation shall be 0.0025 IMM Index point (\$6.25, also known as one-quarter tick)⁴

3. Mid-Curve Options

The minimum fluctuation shall be 0.005 IMM Index point (\$12.50, also known as one-half tick). Trades may also occur at a price of 0.0025 IMM Index point (\$6.25, also known as one-quarter tick), whether or not such trades result in the liquidation of positions for both parties to the trade.

For the purpose of Rule 813—Settlement Prices, the minimum fluctuation shall be 0.0025 IMM Index point (\$6.25, also known as one-quarter tick).⁵

If options are quoted in volatility terms, the minimum fluctuations shall be 0.05 percent.

¹ Revised September 1990, December 2001, July 2011.

² Revised February 1998.

³ Revised December 1988; June 1992; November 1992; December 1992; February 1994; May 1995; January 1997; March 1997; February 1998; August 1998; December 2000; June 2001; October 2001; November 2004.

⁴ Adopted April 2000. Revised October 2001.

⁵ Revised April 2000; October 2001.

452A01.D. Underlying Futures Contracts ¹

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

For options that expire in the March quarterly cycle (i.e., March, June, September, and December), except for those Mid-Curve options specified in Paragraphs 3, 4, 5, and 6, 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 (“Serial Options”)

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) except for those Mid-Curve options specified in Paragraphs 3, 4, 5, and 6, 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 options that expire in January or February is the March futures contract.

3. One-Year Mid-Curve Options²

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

For One-Year Mid-Curve options that expire in the March quarterly cycle, (i.e. March, June, September, and December), the underlying futures contract is the futures contract that expires twelve calendar months after the month in which the option expires.

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

For Serial One-Year Mid-Curve 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 futures contract that expires twelve calendar months from the next March quarterly month that is nearest to the expiration of the option. For example, the underlying futures contract for the One-Year Mid-Curve options that expire in January or February is the March futures contract in the next calendar year.

Weekly One-Year Mid-Curve Options

For Weekly One-Year Mid-Curve Options, the underlying futures contract is the futures contract that expires twelve calendar months from the next March quarterly month that is nearest to the expiration of the option.

4. Two-Year Mid-Curve Options

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

For Two-Year Mid-Curve options that expire in the March quarterly cycle, (i.e. March, June, September, and December), the underlying futures contract is the futures contract that expires twenty-four calendar months after the month in which the option expires.

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

For Serial Two-Year Mid-Curve 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 futures contract that expires twenty-four calendar months from the next March quarterly month that is nearest to the expiration of the option. For example, the underlying futures contract for the Two-Year Mid-Curve options that expire in January or February is the March futures contract that expires in two calendar years.

¹ ~~Effective December 1991; Revised December 1993; November 1994; February 1995; February 1998; August 2003; December 2010.~~

² ~~Revised December 1996; December 2010.~~

5. Three-Year Mid-Curve Options

Three-Year Mid-Curve Options in the March Quarterly Cycle: ("Quarterly Three-Year Mid-Curve Options")

For Three-Year Mid-Curve options that expire in the March quarterly cycle, (i.e. March, June, September, and December), the underlying futures contract is the futures contract that expires thirty-six calendar months after the month in which the option expires.

Three-Year Mid-Curve Options Not in the March Quarterly Cycle: ("Serial Three-Year Mid-Curve Options")

For Serial Three-Year Mid-Curve 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 futures contract that expires thirty-six calendar months from the next March quarterly month that is nearest to the expiration of the option. For example, the underlying futures contract for the Three-Year Mid-Curve options that expire in January or February is the March futures contract that expires in three calendar years.

6. Four-Year Mid-Curve Options

Four-Year Mid-Curve Options in the March Quarterly Cycle: ("Quarterly Four-Year Mid-Curve Options")

For Four-Year Mid-Curve options that expire in the March quarterly cycle, (i.e. March, June, September, and December), the underlying futures contract is the futures contract that expires forty-eight calendar months after the month in which the option expires.

Four-Year Mid-Curve Options Not in the March Quarterly Cycle: ("Serial Four-Year Mid-Curve Options")

For Serial Four-Year Mid-Curve 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 futures contract that expires forty-eight calendar months from the next March quarterly month that is nearest to the expiration of the option. For example, the underlying futures contract for the Four-Year Mid-Curve options that expire in January or February is the March futures contract that expires in four calendar years.

452A01.E. Exercise Prices¹

1. Twenty-Five Point Exercise Prices

Exercise prices shall be stated in terms of the IMM Index for the Eurodollar ~~Time Deposit~~ futures contract that is deliverable upon exercise of the option and shall be stated in intervals whose last two digits are 00, 25, 50, and 75 ("twenty-five point exercise prices") for all IMM Index levels, e.g., 88.00, 88.25, 88.50, 88.75, etc.

For Options in the March Quarterly Cycle, Options Not in the March Quarterly Cycle, and One-Year, Two-Year, Three-Year, and Four-Year Mid-Curve Options

At the commencement of trading in a contract expiration, the Exchange shall list put and call options at the exercise price that is nearest the previous day's settlement price of the respective underlying futures contract. All eligible exercise prices in a range of 5.50 IMM Index points above and below the exercise price that is nearest the futures price shall be listed for trading. Thereafter, the Exchange shall add for trading all eligible exercise prices in a range of 5.50 IMM Index points above and 5.50 IMM Index points below the exercise price nearest the previous day's settlement price. New options may be listed for trading up to and including the termination of trading.

2. Special Listings of 12.5 Point Exercise Prices

Additional exercise prices shall be stated in intervals whose last three digits are 12.5, 37.5, 62.5, and 87.5 ("twelve and a half point exercise prices") for all IMM Index levels, e.g., 93.125, 93.375, 93.625, 93.875, etc.

For Options in the March Quarterly Cycle, Options Not in the March Quarterly Cycle, and One-Year, Two-Year, Three-Year, and Four-Year Mid-Curve Options, the Exchange shall list put and call options with a 12.5 point exercise price in a range of 1.50 IMM Index points above and 1.50 IMM Index points below the exercise price [nearest the previous day's settlement price of

¹ Revised April 1986; November 1986; September 1988; March 1989; July 1992; December 1993; May 1995; April 2001; August 2003; May 2004; December 2010.

the underlying futures contract month.

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

452A01.F. Position Limits, Exemptions, Position Accountability and Reportable Levels ²

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

A person owning or controlling 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 shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.

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.

452A01.G.-I. [Reserved]

452A01.H.—Accumulation of Positions ³

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.

452A01.I.—[Reserved]

452A01.J. Termination of Trading ⁴

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

For options in the March quarterly cycle, except for those Mid-Curve options specified in Paragraph 3, options trading shall terminate at the same date and time as the underlying futures contract.

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

Options trading for contracts not in the March quarterly cycle, except for those Mid-Curve options specified in Paragraph 3, shall terminate at the close of trading on the Friday preceding the third Wednesday of the contract month. If the foregoing date for termination is a scheduled Exchange holiday, options trading shall terminate on the immediately 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. Mid-Curve Options

Except for the weekly One-Year Mid-Curve options, trading in One-Year, Two-Year, Three-Year, and Four-Year Mid-Curve options shall terminate at the close of trading on the Friday preceding the third Wednesday of the calendar month containing the Mid-Curve option expiration. If the foregoing date for termination is a scheduled Exchange holiday, options trading shall terminate on the immediately preceding Business Day. In the event that the

¹ Revised September 1997; January 1998; June 1998; December 2001; June 2003.

² See “Interpretations & Special Notices” at the end of this chapter. Revised March 1986; March 1990; January 1992.

³ Revised September 1986.

⁴ Effective December 1991. Revised December 1993; April 1994; February 1995; December 2001; August 2003; December 2010.

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.

Trading in weekly One-Year Mid-Curve options shall terminate at the close of trading on those Fridays that are not also the termination of trading of a Quarterly or Serial One-Year Mid-Curve option. If the foregoing date for termination is a scheduled Exchange holiday, trading in weekly options shall terminate on the immediately preceding **B**usiness **D**ay. 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.

452A01.K. ~~[Reserved] Contract Modifications~~

~~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 government orders.~~

452A02. EXERCISE AND ASSIGNMENT

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

452A02.A. Exercise of Option by Buyer ¹

An option may be exercised by the buyer on any **B**usiness **D**ay 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 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 day of expiration 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. ²

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. ³

452A02.B. Assignment ⁴

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

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 **T**rading **D**ay of acceptance by the Clearing House of the exercise notice.

¹ Revised July 1988.

² 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.

³ Adopted August 1995.

⁴ Revised February 1990.

452A03. [RESERVED][\(End Chapter 452A\)](#)

**INTERPRETATIONS & SPECIAL NOTICES
RELATING TO CHAPTER 452A**

RULE 452A01.D. INTERPRETATION

(Special Executive Report S-2075, January 30, 1989. Revised in S.E.R. S-2735, December 6, 1993)

452A01.D. can be interpreted as follows:

At the commencement of trading in a contract expiration, the Exchange will list put and call options at the eligible exercise price that is nearest the previous day's settlement price of the underlying futures contract. An exercise price is "eligible" if it is in increments of .25 IMM Index points from even number IMM Index levels, such as 91.00 and falls within the appropriate range of IMM Index points of the eligible exercise price nearest the previous day's settlement as determined by time to expiration for the option contract expiration. An eligible exercise price is "nearest" when it is 12 basis points or closer to the adjacent eligible exercise price.

The listing procedure of exercise prices above and below the exercise price nearest to the previous day's settlement price of the underlying futures contract month is affected by the time to expiration of the individual option contract expiration. If the Exchange listing cycle specifies that eight March quarterly contract months (except Mid-Curve options) will be listed normally and that the newly listed deferred quarterly contract month will be listed on the **Business Day** following the expiration of the nearby quarterly contract month, then normally, new quarterly contract month listings will be added that have more than 15 complete calendar months to termination. Therefore, on Day 1, according to Rule 452A01.D., exercise prices will be added in a range of 2.25 IMM Index points above and below the exercise price nearest to the previous day's settlement price of the underlying futures contract expiration. (See Example 1(a).) Thereafter, the addition of exercise prices will be affected by the movement of the underlying futures settlement price and the relative time to expiration of the option contract expiration. (See Example 1(b).) The following examples illustrate the listing procedure for the September '91 Eurodollar (ED) options contract month that expires on September 16, 1991.

Example 1 - September '91 ED futures settles at 92.13 on Monday, September 18, 1989. On Tuesday, September 19, 1989, with time to expiration of the option contract expiration falling in the range of more than 15 complete calendar months away, exercise prices in a range of 2.25 IMM Index points above and below the exercise price nearest the previous day's settlement price of the underlying futures contract are added.

(a) Exercise Prices Listed on Day 1:

94.50	92.75	91.25
94.25	92.50	91.00
94.00	92.25	90.75
93.75	92.00	90.50
93.50	91.75	90.25
93.25	91.50	90.00
93.00		

(b) Thereafter, the addition of exercise prices is affected by the time to expiration of the option, the underlying futures settlement price, and the option contract expiration exercise prices already listed.

(1) Time to expiration is more than 15 complete calendar months away--For example, from September 19, 1989 through May 31, 1990, for the September '91 quarterly contract month expiring on September 16, 1991, all eligible exercise prices in a range of 2.25 IMM Index points above and below the exercise price nearest the previous day's settlement price are added.

(i) If highest listed exercise price is 94.50, then the next new higher exercise price of 94.75 would be added when the underlying futures settled at or above 92.38.

(ii) If lowest listed exercise price is 90.00, then the next new lower exercise price of 89.75

would be added when the underlying futures settled at or below 92.12.

- (2) Time to expiration is more than 12 up to and including 15 complete calendar months away--For example, from June 1, 1990 through August 31, 1990, for the September '91 quarterly contract month expiring on September 16, 1991, all eligible exercise prices in a range of 1.75 IMM Index points above and below the exercise price nearest the previous day's settlement price are added.
- (i) If highest listed exercise price is 94.50, then the next new higher exercise price of 94.75 would be added when the underlying futures settled at or above 92.88.
 - (ii) If lowest listed exercise price is 90.00, then the next new lower exercise price of 89.75 would be added when the underlying futures settled at or below 91.62.
- (3) Time to expiration is up to and including 12 complete calendar months away--For example, from September 1, 1990 through September 6, 1991, for the September '91 quarterly contract month expiring on September 16, 1991, all eligible exercise prices in a range of 1.50 IMM Index points above and below the exercise price nearest the previous day's settlement price are added.
- (i) If highest listed exercise price is 94.50, then the next new higher exercise price of 94.75 would be added when the underlying futures settled at or above 93.13.
 - (ii) If lowest listed exercise price is 90.00, then the next new lower exercise price of 89.75 would be added when the underlying futures settled at or below 91.37.

Example 2 - September '91 ED futures settles at 92.25 on Monday, September 18, 1989. On Tuesday, September 19, 1989, with time to expiration of the quarterly option contract month falling in the range of more than 15 complete calendar months away, exercise prices in a range of 2.25 IMM Index points above and below the exercise price nearest the settlement price of the underlying futures contract on the previous day are added.

- (a) Exercise prices listed on Day 1:

94.50	92.75	91.25
94.25	92.50	91.00
94.00	92.25	90.75
93.75	92.00	90.50
93.50	91.75	90.25
93.25	91.50	90.00
93.00		

- (b) Thereafter, the same procedures would apply as for Example 1(b) (1-3).

The corresponding strike listing procedures also apply to Mid-Curve options. In each case, the Mid-Curve option strike listings depend on the given Mid-Curve option's underlying futures contract, the option's time to expiration, and the strikes already listed for that Mid-Curve option contract.

~~CLARIFICATION OF NEW NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE~~

~~(Special Executive Report S-1618, March 31, 1986)~~

~~Please note that the new non-agricultural option speculative position limit rule supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures position that exceeds the futures position limit rule if that gross position is part of a spread with options, such that the net position across options and futures is less than the applicable limit set in the option rule.~~

Chapter 452C

E-Mini Three-Month Eurodollar Futures

452C00. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading in~~ E-mini Three-Month ("E-Mini") Eurodollar ~~futures~~. In addition to this chapter, E-Mini Eurodollar futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time. The procedures for trading, clearing, delivery and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

452C01. ~~CONTRACT~~COMMODITY SPECIFICATIONS

Each futures contract shall be for a Eurodollar Interbank Time Deposit having a principal value of \$100,000 with a three-month maturity.

452C02. ~~TRADING SPECIFICATIONS~~FUTURES CALL

452C02.A. Trading Schedule

Futures contracts shall be scheduled for trading during such hours and delivery in such months as may be determined by the Exchange Board of Directors.

452C02.B. Trading Unit

The size of the unit of trading shall be Eurodollar Interbank Time Deposits in the amount of \$100,000.

452C02.C. Price Increments

~~Bids and offers~~Prices shall be quoted in terms of the IMM Index, 100.00 minus the yield on an annual basis for a 360-day year. (A deposit rate of 7.20% shall be quoted as 92.80.)

The minimum fluctuation of the IMM Index shall be identical to those of Eurodollar futures with the same contract month. Minimum fluctuation of the IMM Index shall be in multiples of 0.005 (\$1.25). When the Eurodollar futures with the same contract month are trading with a minimum fluctuation of 0.0025, the minimum fluctuation of the IMM Index shall also be in multiples of .0025 (\$0.625).

452C02.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

~~A person owning or controlling more than 100,000 contracts net long or net short in all contract months combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable. For positions involving options on Three-month Eurodollar futures, this rule is superseded by the option position accountability rule.~~

452C02.E. [Reserved] 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.~~

452C02.F. [Reserved]

452C02.G. Termination of Trading

Futures trading shall terminate at 11:00 a.m. (London ~~{Time}~~)* on the second London bank business day immediately preceding the third Wednesday of the contract month.

*This is 5:00 a.m. (Chicago ~~{Time}~~) except when Daylight Savings Time is in effect in either, but not both, London or Chicago.

452C02.H. ~~[Reserved] Contract Modifications~~

~~Specifications shall be fixed as of the first day of trading of a contract except that all deliveries must conform to governmental regulations in force at the time of delivery. If any U.S. governmental agency or body issues an order, ruling, directive or law pertaining to the trading or delivery of Eurodollars, such order, ruling, directive or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subjected to such government orders.~~

452C02. I. [Reserved]

452C03. SETTLEMENT PROCEDURES

Delivery ~~under the E-Mini Eurodollar futures contract~~ shall be by cash settlement.

452C03.A. Final Settlement Price

~~The final settlement price of an expiring contract shall be 100 minus the three-month Eurodollar interbank time deposit rate determined at the British Bankers' Association Interest(BBA) LIBOR fixing on the second London bank Business Day immediately preceding the third Wednesday of the contract's named month of delivery. The value of such three-month Eurodollar interbank time deposit rate shall be rounded to the nearest 1/10,000th of a percentage point per annum. Tie values, i.e., any such values ending in 0.00005, shall be rounded up. For example, a Three-Month BBA LIBOR fixing value of 8.65625 percent would be rounded up to 8.6563 percent, and then subtracted from 100 to determine a contract final settlement price of 91.3437. Settlement Rate for Three-Month Eurodollar Interbank Time Deposits, rounded to the nearest 1/10000th of a percentage point, on the second London bank business day immediately preceding the third Wednesday of the contract month. (Decimal fractions ending in a five (5) are rounded up. For example, an average rate of 8-21/32% — 8.65625% — would be rounded to 8.6563 and then subtracted from 100 to determine a final settlement price of 91.3437.) (The 16 reference banks selected by the British Bankers' Association to provide offered rates are major participants in the London Eurodollar Market.)~~

452C03.B. Final Settlement

Clearing members holding open positions in a Eurodollar futures contract at the time of termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

452C04.-06.[RESERVED]

(End Chapter 452C) **FAILURE TO PERFORM**

~~If the clearing member with a delivery commitment fails to perform all acts required by this chapter, then that clearing member shall be deemed as failing to perform which may be punishable as a major violation. A clearing member shall be liable to the clearing member to which it was matched on the failing transaction for any loss sustained. The Board shall determine and assess losses sustained, taking into account the settlement price, interest earnings foregone, and such other factors as it deems appropriate. The Board may also assess such penalties as it deems appropriate in addition to damages.~~

~~452C05.—[RESERVED]~~

~~452C06.—[RESERVED]~~

**INTERPRETATIONS AND SPECIAL NOTICES
RELATING TO CHAPTER 452C**

The Exchange has entered into an agreement with the British Bankers' Association ("BBA") which permits the Exchange to use BBA LIBOR as the basis for settling Three-Month Eurodollar futures contracts and to refer to BBA LIBOR in connection with creating, marketing, trading, clearing, settling and promoting Three-Month Eurodollar futures contracts.

Three-Month Eurodollar futures contracts are not in any way sponsored, endorsed, sold or promoted by the BBA, and the BBA has no obligation or liability in connection with the trading of any such contracts. BBA LIBOR is compiled and calculated solely by the BBA. However, the BBA shall not be liable (whether in negligence or otherwise) to any person for any error in BBA LIBOR, and the BBA shall not be under any obligation to advise any person of any error therein.

THE BBA MAKES NO WARRANTY, EXPRESS OR IMPLIED, EITHER AS TO THE RESULTS TO BE OBTAINED FROM THE USE OF BBA LIBOR AND/OR THE FIGURE AT WHICH BBA LIBOR STANDS AT ANY PARTICULAR TIME ON ANY PARTICULAR DAY OR OTHERWISE. THE BBA MAKES NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE FOR USE WITH RESPECT TO THREE-MONTH EURODOLLAR FUTURES CONTRACTS.

Chapter 452D

Options on Three-Month Eurodollar Futures Calendar Spreads

452D00. SCOPE OF CHAPTER⁴

This chapter is limited in application to ~~trading in put and call~~ options ~~on of the~~ Three-Month Eurodollar ~~Time Deposit~~ futures calendar spreads (“Eurodollar ~~Ce~~alendar ~~Sp~~read options”). In addition to this chapter, Eurodollar Calendar Spread options shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.

~~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.~~

452D01. OPTIONS CHARACTERISTICS

452D01.A. Contract Months and Trading Hours

Option 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 ~~Exchange~~Board of Directors.

452D01.B. Trading Unit

For the purpose of this chapter, a calendar spread of Eurodollar ~~Time Deposit~~ futures contract shall consist of opposing positions in a nearby futures contract month and a deferred futures contract month in Eurodollar futures. Buying a calendar spread shall mean simultaneously establishing a long position in the nearby contract month and a short position in the deferred contract month. Selling a calendar spread shall mean simultaneously establishing a short position in the nearby contract month and a long position in the deferred contract month.

The trading unit shall be an option to buy, in the case of the call, or to sell, in case of the put, a calendar spread of Eurodollar ~~Time Deposit~~ futures contracts.

452D01.C. Minimum Fluctuations

The price of an option shall be quoted in IMM Index points. Each 0.01 IMM Index point (1 basis point) shall represent \$25. For example, a quote of 0.35 represents an option price of \$875 (35 basis points x \$25).

The minimum fluctuation shall be 0.005 IMM Index point (also known as one-half tick). Trades may also occur in increments of 0.0025 IMM Index point (\$6.25, also known as one-quarter tick) up to a price of 0.05 IMM Index point.

For the purpose of Rule 81~~23~~—~~Settlement Prices~~, the minimum fluctuation shall be 0.0025 IMM Index point.

When the nearest contract month of the underlying Eurodollar futures calendar spread is the nearest expiring futures contract month, the minimum fluctuation shall be 0.0025 IMM Index point (also known as one-quarter tick.)

452D01.D. Underlying Futures Contracts

1. One-Year Calendar Spread Options in the March Quarterly Cycle (“~~Year-Spread~~ Quarterly Options”)

For One-Year Calendar Spread ~~o~~Options that expire in the March quarterly cycle (i.e. March, June, September, and December), the underlying futures contract calendar spread shall be the spread of the futures contract for the month in which the option expires, versus the futures contract expiring on the same calendar month one year following the options expiry. For example, the underlying futures contract calendar spread for an option that expires in March 2008 is the March 2008 / March 2009 calendar spread of Eurodollar futures.

2. One-Year Calendar Spread Options Not in the March Quarterly Cycle (“~~Year-Spread~~ Quarterly Options”)

⁴~~Chapter Adopted August 2008.~~

Serial Options")

For One-Year Calendar Spread ~~o~~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 calendar spread shall be the spread of the next futures contract in the March Quarterly cycle that is nearest the expiration of the option, versus the futures contract expiring on the same calendar month one year later than the preceding futures contract. For example, the underlying futures contract calendar spread for an option that expires in January and February 2008 is the March 2008 / March 2009 calendar spread of Eurodollar futures.

452D01.E. Exercise Prices

Exercise prices shall be stated in terms of the IMM Index for the Eurodollar ~~Time Deposit~~ futures contract that is deliverable upon exercise of the option and shall be a positive or negative integer multiple of 0.05 IMM Index points, e.g., -0.10, -0.05, 0, 0.05, 0.10, etc.

At the initial listing of One-Year Calendar Spread ~~o~~Options contract month, all eligible exercise prices in the range of -1.00 to 1.00 IMM Index points from the exercise price closest to the previous day's daily settlement price of the underlying calendar spread of Eurodollar futures shall be listed for trading.

Therefore, at the beginning of a new trading session, all eligible exercise prices in the range of -1.00 to 1.00 IMM Index points from the exercise price closest to the previous day's daily settlement price of the underlying Eurodollar futures calendar spread shall be added for trading, if they are not already listed for trading.

~~New options may be listed for trading up to and including the termination of trading. The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.~~

452D01.F. Position Limits, Exemptions, Position Accountability and Reportable Levels

~~The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.~~

~~A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.~~

~~Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.~~

~~A person owning or controlling a combination of options and underlying futures contract that exceeds 10,000 futures equivalent contracts net on the same side of the market in all contract months combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.~~

452D01.G.-I. [Reserved]

452D01.H. — 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.~~

452D01.I. — [Reserved]

452D01.J. Termination of Trading

For One-Year Calendar Spread ~~o~~Options in the March quarterly cycle and One-Year Calendar Spread ~~o~~Options not in the March quarterly cycle, trading shall terminate at the close of trading on the Friday preceding the third Wednesday of the contract month. If the foregoing date for termination is not a ~~B~~usiness ~~D~~ay, options trading shall terminate on the immediately preceding ~~B~~usiness ~~D~~ay.

452D01.K. ~~[Reserved]~~ Contract Modifications

~~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 contract shall be subject to such government orders.~~

452D02. ~~_____~~ EXERCISE AND ASSIGNMENT

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

452D02.A. Exercise of Option by Buyer

An option may be exercised by the buyer on any ~~B~~business ~~D~~elay 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 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 day of expiration by the clearing member representing the option buyer, be exercised automatically.

Corrections to option exercises may be accepted by the Clearing House after 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 instruction 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.

452D02.B. Assignment

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

In case of a call option, the clearing member assigned an exercise notice shall be assigned a short position in the nearby futures contract month, and a long position in the deferred futures contract month, of the underlying futures calendar spread. In case of a put option, the clearing member assigned an exercise notice shall be assigned a long position in the nearby futures contract month, and a short position in the deferred futures contract month, of the underlying futures calendar spread.

The nearby futures position shall be assigned at a price equal to the current daily settlement price of the futures contract. The deferred futures position shall be assigned at a price equal to the current daily settlement price of the nearby futures contract less the exercise price of the option. For example, for an option with an exercise price of 1.00, and the current daily settlement price of the nearby futures contract at 97.56, the nearby futures contract shall be assigned a price of 97.56, while the deferred contract shall be assigned a price of 96.56 (= 97.56 - 1.00). For an option with an exercise price of -1.00, and the current daily settlement price of the nearby futures contract at 97.56, the nearby futures contract shall be assigned a price of 97.56, while the deferred contract shall be assigned a price of 98.56 (= 97.56 - -1.00). In the event the deferred contract is assigned a price over 100.00 under this convention, the clearing house may adjust the futures prices for both contract months down while preserving the assigned prices at a differential defined by the exercise price of the option.

The futures positions shall be marked to market in accordance with Rule 814 on the ~~I~~trading ~~D~~elay of acceptance by the Clearing House of the exercise notice.

452D03. [RESERVED]

[\(End Chapter 452D\)](#)

Chapter 453 One-Month Eurodollar Futures

45300. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading in~~ One-Month Eurodollars ~~futures.~~ ~~The procedures for trading, clearing, delivery, settlement and any other matters not specifically contained herein shall be governed by the rules of the Exchange.~~ In addition to this chapter, One-Month Eurodollar futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.

45301. COMMODITY CONTRACT SPECIFICATIONS

Each futures contract shall be for a Eurodollar Interbank Time Deposit having a principal value of \$3,000,000 with a one-month term to maturity.

45302. TRADING SPECIFICATIONS FUTURES CALL

45302.A. Trading Schedule ⁴

Futures contracts shall be scheduled for trading during such hours and delivery in such months as may be determined by the Exchange.

45302.B. Trading Unit ²

The size of the unit of trading shall be Eurodollar Interbank Time Deposits in the amount of \$3,000,000.

45302.C. Price Increments

~~Bids and offers~~ Prices shall be quoted in terms of the IMM Index, 100.0000 minus the one-month Eurodollar interbank time deposit rate on an annual basis for a 360-day year. (For example, a rate of 7.20 percent shall be quoted as 92.8000).

Minimum fluctuations of the IMM Index shall be in multiples of 0.0025 Index points, equal to \$6.25 per contract. ~~For each .0025 increase in the Index, the Clearing House shall credit \$6.25 per contract to those clearing members holding open long positions and debit \$6.25 per contract from those clearing members holding open short positions. For each .0025 decline in the Index, the Clearing House shall debit \$6.25 per contract from those clearing members holding open long positions and credit \$6.25 per contract to those clearing members holding open short positions.~~

45302.D. Position Limits, Exemptions, Position Accountability and Reportable Levels ³

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

~~A person owning or controlling more than 5,000 contracts net long or short in all contract months combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable. For positions involving options on One-Month Eurodollar futures, this rule is superseded by the option position accountability rule.~~

45302.E. [Reserved] Accumulation of Positions

⁴ Revised December 2001.

² Revised January 1997; March 1997; August 1998.

³ Revised August 1995.

~~For 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.~~

45302.F. [Reserved] ⁴

45302.G. Termination of Trading ⁵

Futures trading shall terminate at 11:00 a.m. London ~~T~~Time* on the second London bank ~~B~~usiness ~~D~~ay immediately preceding the third Wednesday of the contract's named month of delivery.

*-This is 5:00 a.m. Chicago ~~T~~Time except when Daylight Savings Time is in effect in either, but not both, London or Chicago.

45302.H. [Reserved]Contract Modifications

~~Specifications shall be fixed as of the first day of trading of a contract, except that all deliveries must conform to government regulations in force at the time of delivery. If any U.S. governmental agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules and all open and new contracts shall be subject to such government orders.~~

45303. SETTLEMENT PROCEDURES

Delivery shall be by cash settlement.

45303.A. Final Settlement Price

The ~~f~~Final ~~s~~Settlement ~~p~~Price of an expiring contract shall be 100 minus the one-month Eurodollar interbank time deposit rate determined at the British Bankers' Association (BBA-) LIBOR fixing on the second London bank ~~B~~usiness ~~D~~ay immediately preceding the third Wednesday of the contract's named month of delivery. The value of such one-month Eurodollar interbank time deposit rate shall be rounded to the nearest 1/10,000th of a percentage point per annum. Tie values, ie, any such values ending in a .00005, shall be rounded up. For example, a One-Month BBA LIBOR fixing value of 8.65625 percent would be rounded to 8.6563 percent and then subtracted from 100 to determine a contract final settlement price of 91.3437.

45303.B. Final Settlement ⁶

Clearing members holding open positions in a contract at the time of termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

45303.C. - I. [Reserved]

45304.-05. [RESERVED]

45306. [RESERVED]

[\(End Chapter 453\)](#)

INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 453

The Exchange has entered into an agreement with the British Bankers' Association ("BBA") which permits the Exchange to use BBA LIBOR as the basis for settling One-Month EURODOLLAR futures contracts and to refer to BBA LIBOR in connection with creating, marketing, trading, clearing, settling and promoting One-Month Eurodollar futures contracts.

⁴Rule 45302.F. eliminated August 1995.

⁵Revised January 1997.

⁶Revised June 1992.

One-Month Eurodollar futures contracts are not in any way sponsored, endorsed, sold or promoted by the BBA, and the BBA has no obligation or liability in connection with the trading of any such contracts. BBA LIBOR is compiled and calculated solely by the BBA. However, the BBA shall not be liable (whether in negligence or otherwise) to any person for any error in BBA LIBOR, and the BBA shall not be under any obligation to advise any person of any error therein.

THE BBA MAKES NO WARRANTY, EXPRESS OR IMPLIED, EITHER AS TO THE RESULTS TO BE OBTAINED FROM THE USE OF LIBOR AND/OR THE FIGURE AT WHICH BBA LIBOR STANDS AT ANY PARTICULAR TIME ON ANY PARTICULAR DAY OR OTHERWISE. THE BBA MAKES NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE FOR USE WITH RESPECT TO ONE-MONTH EURODOLLAR FUTURES CONTRACTS.

Chapter 453A

Options on One-Month Eurodollar Futures

453A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on ~~the~~ One-Month Eurodollar futures ~~contract ("options" or option contracts)~~. In addition to this chapter, options on One-Month Eurodollar futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time. 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.

453A01. OPTIONS CHARACTERISTICS

453A01.A. Contract Months and Trading Hours ⁴

Options shall be listed for such contract months and scheduled for trading during such hours as may be determined by the Exchange.

453A01.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 One-Month Eurodollar ~~URODOLLAR~~ futures contract as specified in Chapter 453.

453A01.C. Minimum Fluctuations^{2,3}

The price of an option shall be quoted in IMM Index points. Each 0.01 Index point (1 basis point) shall represent \$25. For example, a quote of 0.35 index points represents an option price of ~~\$~~875 ~~dollars~~ (35 basis points x 25 dollars). The minimum fluctuation shall be 0.0025 Index ~~p~~Points, equal to \$6.25 per contract.

453A01.D. [Reserved]

453A01.E. Exercise Prices ⁴

Exercise prices shall be stated in terms of the IMM Index for the One-Month Eurodollar futures contract that is deliverable upon exercise of the option, and shall be at intervals of .125 Index Points, e.g., 92.125, 92.25, 92.375, 92.50, 92.625, 92.75, etc. ⁵

At the commencement of trading in a contract month, the Exchange shall list put and call options at the exercise price that is nearest the previous day's settlement price of the underlying futures contract.

For option contracts with terms to expiry of 12 months or less, the Exchange shall list all eligible exercise prices within a range of 1.50 IMM Index points above and below the exercise price that is nearest the underlying futures contract daily settlement price. Thereafter, the Exchange shall add for trading all eligible exercise prices within a range of 1.50 IMM Index points above and 1.50 IMM Index points below the exercise price nearest the previous day's underlying futures contract settlement price.

For option contracts with terms to expiry that are greater than 12 months and that are less than or equal to 15 months, the Exchange shall list all eligible exercise prices within a range of 1.75 IMM Index points above and below the exercise price that is nearest the underlying futures contract daily settlement price. Thereafter, the Exchange shall add for trading all eligible exercise prices within a range of 1.75 IMM Index points above and 1.75 IMM Index points below the exercise price nearest the previous day's underlying futures contract settlement price.

For option contracts with terms to expiry that are greater than 15 months, the Exchange shall list all eligible exercise prices within a range of 2.25 IMM Index points above and below the exercise price

¹ ~~Revised December 2001; July 2011.~~

² ~~Revised August 1992; November 1992; December 1992; August 1995; January 1997; March 1997; August 1998.~~

³ ~~Revised August 1992; November 1992; December 1992.~~

⁴ ~~Revised December 2001.~~

⁵ ~~Revised June 1998.~~

that is nearest the underlying futures contract daily settlement price. Thereafter, the Exchange shall add for trading all eligible exercise prices in a range of 2.25 IMM Index points above and 2.25 IMM Index points below the exercise price nearest the previous day's underlying futures contract settlement price.

New options may be listed for trading up to and including the termination of trading.⁶ The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

453A01.F. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

⁶

~~A person owning or controlling a combination of more than 5,000 futures-equivalent contracts not on the same side of the market shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.~~

~~For the purpose of this rule, the futures equivalent of an option contract shall be the previous business day's IOM risk factor for that 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.~~

453A01.G. ~~1~~. [Reserved]

453A01.H. ~~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.~~

453A01.I. ~~[Reserved]~~.⁷

453A01.J. Termination of Trading

Trading in an expiring option shall terminate on the same date and at the same time as the underlying futures contract.

453A01.K. ~~[Reserved] 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 government orders.~~

453A02. EXERCISE AND ASSIGNMENT

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

⁶ ~~Revised July 1992.~~

⁶ ~~Revised August 1995.~~

⁷ ~~Rule 453A01.I. eliminated August 1995.~~

453A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer on any **B**usiness **D**ay 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 that is in ~~the~~-money and has not been liquidated or exercised prior to the termination of trading shall be exercised automatically, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer. An option 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.⁸

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.⁹

453A02.B. Assignment

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

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 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 **T**rading **D**ay of acceptance by the Clearing House of the exercise notice.

453A03. [RESERVED]

(End Chapter 453A)

⁸-An option 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.

⁹-Adopted August 1995.

Chapter 460

Three-Month ~~Overnight Index Swap~~ **OIS** Futures

46000. SCOPE OF CHAPTER

This chapter is limited in application ~~to trading in 3to Three-Month Overnight Index Swap (“OIS”) futures. The procedure for trading, clearing, delivery, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, Three-Month OIS futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.~~

~~For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.~~

46001. ~~CONTRACT~~ **COMMODITY SPECIFICATIONS**

Each futures contract shall be for an interbank deposit having a principal value of \$1,000,000 and paying interest at a rate equal to the compounded daily effective federal funds rate during the contract's Reference Quarter (46003.A.1.).

46002. ~~TRADING SPECIFICATIONS~~ **FUTURES CALL**

46002.A. Trading Schedule

Futures contracts shall be scheduled for trading during such hours, and for expiration in such months, as may be determined by the Exchange.

46002.B. Trading Unit

The ~~t~~Trading ~~u~~unit shall be a U.S. domestic interbank deposit in the amount of \$1,000,000 that pays interest at a rate equal to the compounded daily effective federal funds rate during the contract's Reference Quarter (46003.A.1.). The daily effective federal funds rate shall be as computed by the Federal Reserve Bank of New York (~~hereafter, “FRBNY”~~).

46002.C. Price Increments

~~Bids and offers~~Prices shall be quoted in terms of the IMM Index, 100.000 minus the compounded daily effective federal funds rate during the contract's Reference Quarter (46003.A.1.), on an annual basis for a 360-day year. ~~(For example, a~~

~~Example: A~~ compounded daily effective federal funds rate equal to 6.5025 percent shall be quoted as 93.4975.)

1. Contracts with Four Months or Less until Expiry

For contracts with four months or less until expiry, minimum fluctuations of the IMM Index shall be in multiples of 0.0025 (\$6.25). ~~For each 0.0025 increase in the Index, the Clearing House shall credit \$6.25 per contract to those clearing members holding open long positions, and shall debit \$6.25 per contract from those clearing members holding open short positions. For each 0.0025 decrease in the Index, the Clearing House shall debit \$6.25 per contract from those clearing members holding open long positions, and shall credit \$6.25 per contract to those clearing members holding open short positions.~~

For any ~~any~~ given contract, the applicable four-month interval shall be defined so as to begin on, and to include, the Monday before the third Wednesday of the month that precedes the contract's named month of expiry by four months. If this is not an Exchange ~~B~~business ~~D~~day, then the applicable four-month interval shall begin on the following Exchange ~~B~~business ~~D~~day.

2. Contracts with More than Four Months until Expiry

For contracts with more than four months until expiry, minimum fluctuations of the IMM Index shall be in multiples of 0.005 (\$12.50). ~~For each 0.005 increase in the Index, the Clearing House shall credit \$12.50 per contract to those clearing members holding open long positions, and shall debit \$12.50 per contract from those clearing members holding open short positions. For each 0.005~~

~~decrease in the Index, the Clearing House shall debit \$12.50 per contract from those clearing members holding open long positions, and shall credit \$12.50 per contract to those clearing members holding open short positions.~~

For any given contract, the applicable four-month interval shall be defined in 46002.C.1.

46002.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

~~The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.~~

~~A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.~~

~~Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.~~

~~A person owning or controlling more than 10,000 contracts net long or net short in all contract months combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information, if applicable.~~

~~In addition, the Exchange may require, at its discretion, that such position not be further increased.~~

46002.E. [Reserved] 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.~~

46002.F. [Reserved]

46002.G. Termination of Trading

The lLast dDay of tTrading in an expiring contract shall be the lLast dDay of the contract's Reference Quarter (46003.A.1.) or, if this is not an Exchange Bbusiness Dday, the Exchange Bbusiness Dday immediately preceding the lLast dDay of the contract's Reference Quarter. Trading in an expiring contract shall terminate at 4:00 p.m. ~~Chicago time~~ on the lLast dDay of tTrading.

46002.H. [Reserved] Contract Modifications

~~Specifications shall be fixed as of the first day of trading in a contract, except that all deliveries on a contract must conform to government regulations in force at the time of delivery. If any U.S. government agency or body issues an order, ruling, directive, or law that conflicts with the requirements of these rules, then such order, ruling, directive, or law shall be construed to take precedence and shall become part of these rules, and all open and new contracts shall be subject to such government orders.~~

46003. SETTLEMENT PROCEDURES

Delivery ~~on Three3-Month OIS futures contracts~~ shall be made by cash settlement.

46003.A. Final Settlement Price

1. Definition of Reference Quarter

For any given contract, the Reference Quarter shall be the interval for which the fFirst dDay is the third Wednesday of the calendar month that precedes the contract's named expiration month by three whole months, and for which the lLast dDay is the day immediately preceding the day that follows the fFirst dDay by three calendar months. The Reference Quarter shall comprise both its fFirst dDay and its lLast dDay.

Example: For a hypothetical Three3-Month OIS futures contract expiring in June 2011, the fFirst dDay of the contract's Reference Quarter is the third Wednesday of March 2011, or 16 March 2011. Accordingly, the lLast dDay of the contract's Reference Quarter is the day immediately preceding 16 June 2011, or Wednesday, 15 June 2011.

2. Definition of Final Settlement Price

For any given contract, the Final Settlement Price shall equal 100 minus the compounded daily effective federal funds rate during the contract's Reference Quarter:

$$\text{Final Settlement Price} = 100 - R$$

where

$$R = [\prod_{i=1..n} \{1+(d_i/360)*(r_i/100)\} - 1] \times (360/D) \times 100$$

n = the number of FRBNY **B**usiness **D**ays during the Reference Quarter.

i = is the running index that identifies each FRBNY **B**usiness **D**ay during the Reference Quarter, such that i takes the values $i = 1, 2, \dots, (n-1), n$.

$\prod_{i=1..n}$ denotes the product of the values identified by the running index, $i = 1, 2, \dots, n$.

r_i = the effective federal funds rate applicable to a US domestic interbank overnight deposit for which the i^{th} FRBNY **B**usiness **D**ay is the value date. r_i is expressed in percent terms.

Example: If the interest rate applicable to the i^{th} FRBNY **B**usiness **D**ay is five and one quarter percent, then $r_i = 5.25$.

d_i = the number of calendar days to which r_i applies. For any calendar day that is not a FRBNY **B**usiness **D**ay (e.g., weekend days, FRBNY holidays), the applicable value shall be the effective federal funds rate for the previous FRBNY **B**usiness **D**ay.

3. Computational Conventions

The value of R shall be rounded to the nearest 1/1,000th of a percentage point, ie, the nearest 1/10th of one basis point (0.001). In the case of a tie, ie, a decimal fraction ending with 0.0005, the value of R shall be rounded up.

For any expiring contract, the Final Settlement Price shall be calculated when the effective federal funds rate that is applicable to the **L**ast **d**ay of the contract's Reference Quarter has been published. (Customarily, this will occur on the FRBNY **B**usiness **D**ay immediately following the **L**ast **d**ay of the contract's Reference Quarter.)

46003.B. Final Settlement

Clearing members holding open positions in expiring contracts at the termination of trading shall make payment to, or shall receive payment from, the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the Final Settlement Price.

46003.C.-I. [Reserved]

~~46004.-06.~~ [RESERVED]

~~46005.~~ [RESERVED]

~~46006.~~ [RESERVED] [\(End Chapter 460\)](#)

Chapter 460A

Options on Three-Month Overnight Index Swap Futures

460A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on ~~Three~~3-Month Overnight Index Swap (~~OIS~~) futures (“OIS 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. In addition to this chapter, OIS options shall be subject to the general rules and regulations of the Exchange insofar as applicable.~~

~~For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.~~

460A01. OPTIONS CHARACTERISTICS

460A01.A. Contract Months and Trading Hours

Option 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 ~~Exchange~~Board of Directors.

460A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in case of the put, one OIS futures contract as specified in Chapter 460.

460A 01.C. Minimum Fluctuations

The price of an option shall be quoted in IMM Index points. Each .01 IMM Index point (1 basis point) shall represent \$25. For example, a quote of 0.35 represents an option price of \$875 (35 basis points x \$25).

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

For any option that expires in the March quarterly cycle (i.e., March, June, September, and December) and that references an underlying futures contract that trades in a minimum fluctuation of 0.0025 IMM Index point (\$6.25), the minimum fluctuation shall be 0.0025 IMM Index point (\$6.25).

2. All Other Contract Months

The minimum fluctuation shall be 0.005 IMM Index point (\$12.50), with the following exceptions:

2.a. Options that expire in the nearest or second-nearest March quarterly contract month, and that are trading at a premium of no more than 0.05 IMM Index points, may trade in increments of 0.0025 IMM index points.

2.b. Options that expire in the nearest or second-nearest contract months that are not March quarterly contract months, and that are trading at a premium of no more than 0.05 IMM Index points, may trade in increments of 0.0025 IMM index points.

2.c. For any option spread or option combination that trades at a net premium of no more than 0.05 IMM Index points, and that consists solely of option contracts identified in 2.a. and/or 2.b., the options in said spread or combination may trade in increments of 0.0025 IMM index points.

2.d. For the purpose of Rule 81~~23~~—~~Settlement Prices~~, the minimum fluctuation shall be 0.0025 IMM Index point (\$6.25).

2.e. Trades may occur at a price of 0.0025 IMM Index point (\$6.25), whether or not such trades result in the liquidation of positions for both parties to the trade.

460A01.D. Underlying Futures Contracts

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

For options in the March quarterly cycle (i.e., March, June, September, and December), the underlying futures contract shall be the futures contract that expires three months after the corresponding option contract.

For example:

The December option contract expires into the March futures contract.

The March option contract expires into the June futures contract.
The June option contract expires into the September futures contract.
The September option contract expires into the December futures contract.

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

For options 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 shall be the futures contract that expires either four and five months after the corresponding option contract.

For example:

The October and November option contracts expire into the March futures contract.
The January and February option contracts expire into the June futures contract.
The April and May option contracts expire into the September futures contract.
The July and August option contracts expire into the December futures contract.

460A01.E. Exercise Prices

1. 25 Point Exercise Prices

Exercise prices shall be stated in terms of the IMM Index for the OIS futures contract that is deliverable upon exercise of the option and shall be stated in intervals whose last two digits are 00, 25, 50, and 75 (“25-point exercise prices”) for all IMM Index levels, e.g., 88.00, 88.25, 88.50, 88.75, etc.

At the commencement of trading in a contract expiration, the Exchange shall list put and call options at the exercise price that is nearest the previous day's settlement price of the respective underlying futures contract. All eligible exercise prices in a range of 5.50 IMM Index points above and 5.50 IMM Index points below the exercise price that is nearest the futures price shall be listed for trading. Thereafter, the Exchange shall add for trading all eligible exercise prices in a range of 5.50 IMM Index points above and 5.50 IMM Index points below the exercise price nearest the previous day's settlement price. ~~New options may be listed for trading up to and including the termination of trading.~~

2. 12.5 Point Exercise Prices

Additional exercise prices shall be stated in intervals whose last three digits are 12.5, 37.5, 62.5, and 87.5 (“12.5-point exercise prices”) for all IMM Index levels, 93.125, 93.375, 93.625, 93.875, etc.

The Exchange shall list put and call options with a 12.5-point exercise price in a range of 1.50 IMM Index points above and 1.50 IMM Index points below the exercise price nearest the previous day's settlement price of the underlying futures contract month.

New options may be listed for trading up to and including the termination of trading. The Exchange Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

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

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

~~A person owning or controlling a combination of options and underlying futures contracts that exceeds 40,000 futures-equivalent contracts net on the same side of the market in all contract months combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.~~

460A01.G.-I. [Reserved]

460A01.H. ~~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.~~

460A01.I. ~~[Reserved]~~**460A01.J. Termination of Trading**

Trading in OIS options shall terminate at the close of trading on the Friday preceding the third Wednesday of the contract month. If the foregoing date for termination is not a Bbusiness Dday, options trading shall terminate on the immediately preceding Bbusiness Dday.

460A01.K. ~~[Reserved] Contract Modifications~~

~~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 contract shall be subject to such government orders.~~

460A02. EXERCISE AND ASSIGNMENT

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

460A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer on any Bbusiness Dday 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 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 day of expiration by the clearing member representing the option buyer, be exercised automatically.

Corrections to option exercises may be accepted by the Clearing House after 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 instruction 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.

460A02.B. Assignment

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

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 or 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 **T**trading **D**day of acceptance by the Clearing House of the exercise notice.

460A03. [RESERVED]

(End Chapter 460A)

Chapter 501 Three-Month Euroyen Futures

50100. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading in Three-Month Euroyen futures ("Euroyen futures"). The procedures for trading, clearing, delivery and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, Euroyen futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.~~

~~For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time~~

50101. ~~CONTRACT~~COMMODITY SPECIFICATIONS

Each futures contract shall be for a Euroyen Time Deposit having a principal value of 100,000,000 Japanese yen with a three-month ~~term to~~ maturity.

50102. ~~TRADING SPECIFICATIONS~~FUTURES CALL

50102.A. Trading Schedule¹

Futures contracts shall be scheduled for trading during such hours and delivery in such months as may be determined by the Exchange.

50102.B. Trading Unit

The size of the unit of trading shall be Euroyen Time Deposits in the amount of 100,000,000 Japanese yen.

50102.C. Price Increments²

~~Prices~~~~Bids and offers~~ shall be quoted in terms of the IMM Index, 100.00 minus the yield on an annual basis for a 360-day year. ~~(For example, a~~ deposit rate of 7.20% shall be quoted as 92.80.)

1. ~~The Nearest Four Contract Months in the March Quarterly Cycle~~

~~For the nearest four futures delivery months in the March, June, September, and December quarterly cycle, M~~minimum fluctuations of the IMM Index shall be in multiples of 0.0025 (625 Japanese yen). ~~For each .0025 increase in the IMM Index the Clearing House shall credit (625 Japanese yen per contract) to those clearing members holding open long positions and debit (625 Japanese yen per contract) from those clearing members holding open short positions. For each .0025 decrease in the IMM Index the Clearing House shall debit (625 Japanese yen per contract) from those clearing members holding open long positions and credit (625 Japanese yen per contract) to those clearing members holding open short positions.~~

2. ~~All Other Contract Months~~

~~For all other futures delivery months, M~~minimum fluctuations of the IMM Index shall be in multiples of 0.005 (1,250 Japanese yen). ~~For each .005 increase in the IMM Index the Clearing House shall credit (1,250 Japanese yen per contract) to those clearing members holding open long positions and debit (1,250 Japanese yen per contract) from those clearing members holding open short positions. For each .005 decrease in the IMM Index the Clearing House shall debit (1,250 Japanese yen per contract) from those clearing members holding open long positions and credit (1,250 Japanese yen per contract) to those clearing members holding open short positions.~~

50102.D. Position Limits, ~~Exemptions, Position Accountability and Reportable Levels~~

~~The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.~~

¹Revised December 2001.

²Revised June 1997; November 1997; May 2010.

~~A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.~~

~~Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.~~

~~A person shall not own or control more than 5,000 contracts net long or net short in all contract months combined. For positions involving options on Three-month Euroyen futures, this rule is superseded by the option speculative position limit rule.~~

50102.E. ~~[Reserved]~~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.~~

50102.F. ~~[Reserved]~~Exemptions

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.~~

50102.G. Termination of Trading

Futures trading shall terminate at 11:00 a.m. Tokyo ~~T~~ime on the second Tokyo ~~B~~usiness ~~D~~ay immediately preceding the third Wednesday of the contract month.

50102.H. ~~[Reserved]~~Contract Modifications

~~Specifications shall be fixed as of the first day of trading of a contract except that all deliveries must conform to governmental regulations in force at the time of delivery. If any U.S. governmental agency or body issues an order, ruling, directive or law pertaining to the trading or delivery of Euroyen, such order, ruling, directive or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subjected to such government orders.~~

50102.I. ~~[Reserved]~~

50103. SETTLEMENT PROCEDURES

Delivery ~~under the Euroyen futures contract~~ shall be by cash settlement.

50103.A. Final Settlement Price

The final settlement price shall be equal to the final settlement price, as determined by the Singapore Exchange, of the expiring SGX Three-Month Euroyen futures contract with the same named month of expiry.

50103.B. Delivery

Clearing members holding open positions in a Euroyen futures contract at the time of termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation margin procedures based on a settlement price equal to the final settlement price.

50103.C.-I. ~~[Reserved]~~

50104.-076. ~~[RESERVED]~~

50107. ~~[RESERVED]~~

~~(End Chapter 501)~~

Chapter 501A

Options on Three-Month Euroyen Futures

501A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on Three-Month Euroyen ~~Time Deposit~~ futures ~~contracts~~ ("Euroyen options"). ~~The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rule of the Exchange. In addition to this chapter, Euroyen options shall be subject to the general rules and regulations of the Exchange insofar as applicable.~~

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time

501A01. OPTIONS CHARACTERISTICS

501A01.A. Contract Months, Trading Hours and Trading Halts¹

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 Exchange.

501A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell in the case of the put, one Three-Month Euroyen Time Deposit futures contract as specified in Chapter 501.

501A01.C. Minimum Fluctuations²

The price of an option shall be quoted in IMM Index points. Each 0.01 IMM Index point (1 basis point) shall represent 2,500 Japanese yen per contract. For example, a quote of 0.35 represents an option price of 87,500 Japanese yen (35 basis points x 2,500 Japanese yen).

For any option that is exercisable into any Three-Month Euroyen futures contract for which the minimum price increment is 0.0025 IMM Index points, per CME Rule 50102.C., the minimum fluctuation in option premium shall be 0.0025 IMM Index points (625 Japanese yen per contract).

For any option that is exercisable into any Three-Month Euroyen futures contract for which the minimum price increment is 0.005 IMM Index points, per CME Rule 50102.C., the minimum fluctuation in option premium shall be 0.005 IMM Index points (1,250 Japanese yen per contract).

Trades may also occur at a price of 300 Japanese yen, whether or not such trades result in the liquidation of positions for both parties to the trade.

501A01.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 underlying futures contract for options that expire in January or February is the March futures contract.

501A01.E. Exercise Prices³

For any option, the exercise price shall be stated in terms of the IMM Index for the Three-Month Euroyen futures contract (CME Rule 50102.C.) that is deliverable upon exercise of such

¹ Revised December 2001.

² Revised September 1997; November 1997; May 2010.

³ Revised December 2001; March 2011.

option. Customarily, and without limitation, the Exchange shall list exercise price levels as follows:

—1. Quarter-Point Exercise Prices

For any given option expiration month (Rule 501A01.D.) the Exchange shall list options with exercise prices at intervals for which the last two digits are 00, 25, 50, or 75 ("quarter point exercise prices"), e.g., 93.00, 93.25, 93.50, 93.75.

At the commencement of trading in options for any given option expiration month, the Exchange shall list put and call options at the exercise price that is nearest to the previous daily settlement price of the respective underlying futures contract ("at-the-money exercise price"). The Exchange also shall list options for exercise at all eligible price levels within and including 1.50 IMM Index points above and 1.50 IMM Index point below such at-the-money exercise price level.

2. Special Listings of Eighth-Point Exercise Prices

At the commencement of trading in options for any given option expiration month, the Exchange shall list additional options with exercise prices at intervals for which the last three digits are 125, 375, 625, and 875 ("eighth point exercise prices"), e.g., 93.125, 93.375, 93.625, 93.875. The Exchange shall list options for exercise at all such price levels within and including 1.50 IMM Index points above and 1.50 IMM Index points below the at-the-money exercise price (Rule 501A01.E.1.).

Thereafter, the Exchange shall ensure that put and call options are listed for trading at all eligible exercise price levels (Rule 501A01.E.1. and 501A01.E.2.) within and including 1.50 IMM Index points above and 1.50 IMM Index points below the exercise price that is nearest to the previous daily settlement price of the respective underlying futures contract. For any given option expiration month, options may be listed for trading up to and including their termination of trading.

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

501A01.F. [Reserved]

501A01.G. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 5,000 futures equivalent contracts not on the same side of the market in all contract months combined.~~

~~For the purposes 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.~~

501A01.H. [Reserved]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.~~

501A01.I. ~~[Reserved]~~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 exempted pursuant to Rule 559.~~

501A01.J. Termination of Trading ⁴

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

Options trading for contracts not in the March quarterly cycle shall terminate at the close of trading on the Friday preceding the third Wednesday of the contract month. If the foregoing date for termination is a scheduled Exchange holiday, options trading shall terminate on the immediately 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.

501A01.K. ~~[Reserved]~~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 government orders.~~

501A02. EXERCISE ~~AND~~ ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of ~~Three-Month~~ Euroyen options.

501A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer on any business day that the option is traded. To exercise an option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option in the March quarterly cycle that is in the money⁶ 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 the clearing member representing the option buyer by 7:00 p.m. on the day of determination of the ~~f~~Final ~~s~~Settlement ~~p~~Price of the underlying Three-Month Euroyen futures contract, be exercised automatically.

~~In-the-money options⁶ 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 expiration 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.

501A02.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

⁴Revised December 2001.

⁵An option 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.

⁶An 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.

member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes before the opening of Regular Trading Hours in the underlying futures contract on the following business day.

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

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the trading day of acceptance by the Clearing House of the exercise notice.

501A03. [RESERVED]

(End Chapter 501A)

**INTERPRETATIONS & SPECIAL NOTICES
RELATING TO CHAPTER 501A**

**CLARIFICATION OF NEW NON-AGRICULTURAL OPTION SPECULATIVE
POSITION LIMIT RULE**

~~(Special Executive Report S-1618, March 31, 1986)~~

~~Please note that the new non-agricultural option speculative position limit rule supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures position that exceeds the futures position limit rule if that gross position is part of spread with options, such that the net position across options and futures is less than the applicable limit set in the option rule.~~

CME Chapter 502 10-Year Sovereign Yield Spread Futures

50200. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in~~ 10-Year Sovereign Yield Spread futures. ~~Procedures for trading, clearing, delivery, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

In addition to this chapter, 10-Year Sovereign Yield Spread futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.

50201. ~~CONTRACT~~COMMODITY SPECIFICATIONS

Each futures contract shall be for the difference, as of the termination of trading in such contract (Rule 50202.G.), between the yield to maturity on Reference Bonds issued by one sovereignty and the yield to maturity on Reference Bonds issued by a second sovereignty (Rule 50203.A.).

50202. ~~TRADING SPECIFICATIONS~~FUTURES CALL

50202.A. Trading Schedule

Contracts shall be scheduled for trading during such hours, and for delivery in such months, as may be determined by the Exchange.

50202.B. Trading Unit

For any contract for a given delivery month, the ~~t~~Trading ~~u~~Unit shall be the differential between the yield to maturity (Rule 50203.A.4.) on a notional sold position in Reference Bonds (Rule 50203.A.2.) issued by one sovereignty ("Sold Nation") and the yield to maturity on a notional bought position in Reference Bonds issued by a second sovereignty ("Bought Nation").

50202.B.1. US-UK

For US-UK 10-Year Sovereign Yield Spread Futures, the ~~t~~Trading ~~u~~Unit shall be such that the United States of America (~~hereafter~~, "United States") is identified as Bought Nation, and the United Kingdom is identified as Sold Nation.

50202.B.2. US-Germany

For US-Germany 10-Year Sovereign Yield Spread Futures, the ~~t~~Trading ~~u~~Unit shall be such that the United States is identified as Bought Nation, and Germany is identified as Sold Nation.

50202.B.3. US-France

For US-France 10-Year Sovereign Yield Spread Futures, the ~~t~~Trading ~~u~~Unit shall be such that the United States is identified as Bought Nation, and France is identified as Sold Nation.

50202.B.4. US-Italy

For US-Italy 10-Year Sovereign Yield Spread Futures, the ~~t~~Trading ~~u~~Unit shall be such that the United States is identified as Bought Nation, and Italy is identified as Sold Nation.

50202.B.5. US-Netherlands

For US-Netherlands 10-Year Sovereign Yield Spread Futures, the ~~t~~Trading ~~u~~Unit shall be such that the United States is identified as Bought Nation, and the Netherlands is identified as Sold Nation.

50202.B.6. UK-Germany

For UK-Germany 10-Year Sovereign Yield Spread Futures, the ~~t~~Trading ~~u~~Unit shall be such that the United Kingdom is identified as Bought Nation, and Germany is identified as Sold Nation.

50202.B.7. UK-France

For UK-France 10-Year Sovereign Yield Spread Futures, the ~~t~~Trading ~~u~~Unit shall be such that the

United Kingdom is identified as Bought Nation, and France is identified as Sold Nation.

50202.B.8. UK-Italy

For UK-Italy 10-Year Sovereign Yield Spread Futures, the ~~t~~Trading ~~u~~Unit shall be such that the United Kingdom is identified as Bought Nation, and Italy is identified as Sold Nation.

50202.B.9. UK-Netherlands

For UK-Netherlands 10-Year Sovereign Yield Spread Futures, the ~~t~~Trading ~~u~~Unit shall be such that the United Kingdom is identified as Bought Nation, and the Netherlands is identified as Sold Nation.

50202.B.10. Germany-France

For Germany-France 10-Year Sovereign Yield Spread Futures, the ~~t~~Trading ~~u~~Unit shall be such that Germany is identified as Bought Nation, and France is identified as Sold Nation.

50202.B.11. Germany-Italy

For Germany-Italy 10-Year Sovereign Yield Spread Futures, the ~~t~~Trading ~~u~~Unit shall be such that Germany is identified as Bought Nation, and Italy is identified as Sold Nation.

50202.B.12. Germany-Netherlands

For Germany-Netherlands 10-Year Sovereign Yield Spread Futures, the ~~t~~Trading ~~u~~Unit shall be such that Germany is identified a s Bought Nation, and the Netherlands is identified as Sold Nation.

50202.C. Price Basis

Price shall be quoted in points, on the basis of 100 plus the yield to maturity on Sold Nation Reference Bonds minus the yield to maturity on Bought Nation Reference Bonds (Rules 50202.B. and 50203.A.).

For a contract of a given ~~t~~Trading ~~u~~Unit (Rules 50202.B.), each contract price point (1.000) shall be 100 basis points per annum of the spread between the Sold Nation Reference Bond Yield (Rule 50203.A.4.) and the Bought Nation Reference Bond Yield, and shall be equal to 10,000 ~~c~~Currency ~~u~~Units per contract, subject to Rule 50202.C.2.

Example 1: For a yield to maturity on Sold Nation Reference Bonds equal to 6.33 percent per annum and a yield to maturity on Bought Nation Reference Bonds equal 2.55 percent per annum, contract price would be quoted as 103.7800, equal to 100 plus 6.33 minus 2.55.

Example 2: For a yield to maturity on Sold Nation Reference Bonds equal to 6.33 percent per annum and a yield to maturity on Bought Nation Reference Bonds equal 12.55 percent per annum, contract price would be quoted as 93.7800, equal to 100 plus 6.33 minus 12.55.

50202.C.1. ———Minimum Price Fluctuation

The minimum price fluctuation shall be one-quarter of one-hundredth of one contract price point (0.0025 price points), and shall be equal to 25 ~~c~~Currency ~~u~~Units (Rule 50202.C.2.).

~~For each 0.0025 point increase in price, the Clearing House shall credit 25 Currency Units per contract to those clearing members holding open long positions and debit 25 Currency Units per contract from those clearing members holding open short positions.~~

~~For each 0.0025 point decline in price, the Clearing House shall debit 25 Currency Units per contract from those clearing members holding open long positions and credit 25 Currency Units per contract to those clearing members holding open short positions.~~

50202.C.2. ———Currency Unit

The ~~c~~Currency ~~u~~Unit shall be one Euro for any contract for which the ~~t~~Trading ~~u~~Unit is listed in Table 50202.C.2.a.

Table 50202.C.2.a.

Contract Trading Units for Which Currency Unit = 1 Euro (EUR)

Trading Unit Rule	Bought Nation	Sold Nation
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50202.B.2	United States	Germany
50202.B.3	United States	France
50202.B.4	United States	Italy
50202.B.5	United States	Netherlands
50202.B.10	Germany	France
50202.B.11	Germany	Italy
50202.B.12	Germany	Netherlands

The ~~c~~Currency ~~u~~Unit shall be one UK Pound Sterling for any contract for which the ~~t~~Trading ~~u~~Unit is listed in Table 50202.C.2.b.

Table 50202.C.2.b.

Contract Trading Units for Which Currency Unit = 1 UK Pound Sterling (GBP)

Trading Unit Rule	Bought Nation	Sold Nation
50202.B.1	United States	United Kingdom
50202.B.6	United Kingdom	Germany
50202.B.7	United Kingdom	France
50202.B.8	United Kingdom	Italy
50202.B.9	United Kingdom	Netherlands

50202.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

Position accountability, as defined in Rule 560., will apply to trading of 10-Year Sovereign Yield Spread futures.

50202.E. [Reserved] 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 shall be cumulated, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding shall be cumulated, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest shall be cumulated.~~

50202.F. [Reserved]

50202.G. Termination of Trading

The ~~l~~Last ~~d~~Day of ~~t~~Trading in an expiring contract for a given delivery month shall be the third ~~B~~usiness ~~D~~ay preceding the tenth day of such delivery month, subject to Rule 50202.G.1.

Trading in an expiring contract shall terminate at 3:02 p.m. London time on the ~~l~~Last ~~d~~Day of ~~t~~Trading.

50202.G.1. Business Day

For the purposes of this chapter, "~~B~~usiness ~~D~~ay" shall mean any Exchange ~~B~~usiness ~~D~~ay that is not a New York bank holiday, and that is not a London bank holiday, and that is not a European bank holiday as acknowledged by the Trans-European Automated Real-time Gross settlement Express Transfer ("TARGET") system.

50202.H. [Reserved] Contract Modifications

~~Contract specifications shall be fixed as of the first day of trading in any such contract, except that all deliveries on such contract must conform to government regulations in force at the time of delivery. If any U.S. government agency or body issues an order, ruling, directive, or law that conflicts with the requirements of these rules, then~~

~~such order, ruling, directive, or law shall be construed to take precedence and shall become part of these rules, and all open and new contracts shall be subject to such government orders.~~

50203. SETTLEMENT PROCEDURES

Delivery shall be made by cash settlement, subject to Rule 50203.B.

50203.A. Final Settlement Price

For an expiring futures contract for a given delivery month, and for the two sovereignties that are identified, respectively, as Bought Nation and Sold Nation in such expiring contract's ~~t~~Trading ~~u~~Unit (Rules 50202.B.), Final Settlement Price shall be determined as follows:

Final Settlement Price =
100
plus Sold Nation Reference Bond Yield
minus Bought Nation Reference Bond Yield.

For the purposes of this rule, Reference Bond(s) shall be as defined in Rule 50203.A.1. and Reference Bond Yield shall be as defined in Rule 50203.A.4.

For a contract of a given ~~t~~Trading ~~u~~Unit (Rules 50202.B.), the Final Settlement Price shall be rounded to the nearest 0.0001 contract price points (1/100th of one basis point per annum of such contract ~~t~~Trading ~~u~~Unit), and shall be rounded up in the case of a tie.

50203.A.1. ———Reference Bonds

For an expiring futures contract for a given delivery month, and for a given sovereignty that may be identified as either Bought Nation or Sold Nation in such expiring contract's ~~t~~Trading ~~u~~Unit (Rules 50202.B.), all Reference Bonds that enter into determination of such contract's Final Settlement Price shall be bonds issued by such sovereignty that meet standards set forth in Rules 50203.A.2. and Rule 50203.A.3.

New issues of bonds by such sovereignty that satisfy these standards shall be added to the Reference Bonds for such sovereignty as they are issued. Notwithstanding the foregoing, the Exchange shall have the right to exclude any such new issue from the ~~c~~Contract ~~g~~Grade (Rules 50203.A.2.).

50203.A.2. ———Contract Grade

50203.A.2.a. United States

A Reference Bond must be a US Treasury fixed-principal note which makes fixed semi-annual coupon payments, and which has original term to maturity (i.e., term to maturity at issue) of 10 years, and which has an outstanding amount no less than \$2 billion as of the first day of the expiring futures contract's delivery month.

50203.A.2.b. United Kingdom

A Reference Bond must be a conventional gilt, issued by the UK Debt Management Office, which makes fixed coupon payments, and which has an outstanding amount no less than £2 billion as of the first day of the expiring futures contract's delivery month.

50203.A.2.c. Germany

A Reference Bond must be a Bundesanleihe ("Bund"), issued by Bundesrepublik Deutschland Finanzagentur, which makes fixed coupon payments, and which has an outstanding amount no less than €2 billion as of the first day of the expiring futures contract's delivery month.

50203.A.2.d. France

A Reference Bond must be an obligation assimilable du Trésor ("OAT"), issued by Agence France Trésor, which makes fixed coupon payments, and which has an outstanding amount no less than €2 billion as of the first day of the expiring futures contract's delivery month.

50203.A.2.e. Italy

A Reference Bond must be a buono del Tesoro poliennale ("BTP"), issued by Dipartimento del

Tesoro, which makes fixed coupon payments, and which has an outstanding amount no less than €2 billion as of the first day of the expiring futures contract's delivery month.

50203.A.2.f. Netherlands

A Reference Bond must be a Dutch State Loans ("DSL"), issued by the Dutch State Treasury Agency, which makes fixed coupon payments, and which has an outstanding amount no less than €2 billion as of the first day of the expiring futures contract's delivery month.

50203.A.3. ——— Term to Maturity

For any expiring contract for a given delivery month, Reference Bonds must have remaining term to maturity no less than 8 years 1 month from the first day of the delivery month, and no more than 10 years from the last day of the delivery month.

Example: For a contract for delivery in December 2015, all Reference Bonds entailed in the contract tTrading uUnit must mature on dates between 1 January 2024 and 31 December 2025, inclusive.

50203.A.4. ——— Reference Bond Yield

For an expiring contract for a given delivery month, and for a given sovereignty that may be identified as either Bought Nation or Sold Nation in such contract's tTrading uUnit (Rules 50202.B.), the Reference Bond Yield that enters into determination of such contract's Final Settlement Price shall be the median (Rule 50203.A.4.b.) of yields to maturity on all Reference Bonds (Rule 50203.A.4.a.) for such sovereignty for such expiring contract.

For any such Reference Bond, such yield to maturity shall be determined, subject to Rules 50203.A.4.a. and 50203.A.4.b., on the basis of a price evaluation that shall be furnished to the Exchange by the Exchange's approved price data provider. Such price evaluation shall be based upon that Reference Bond's market price between 3:00 p.m. and 3:02 p.m. London time on the last day of trading in such expiring futures (Rules 50202.G.).

If the Exchange's approved price data provider fails to report the price evaluation for any such Reference Bond on such expiring contract's last day of trading, then the contract Final Settlement Price shall be determined on the basis of Reference Bond Yields between 3:00 p.m. and 3:02 p.m. London time on the next following Business Day (Rule 50202.G.1.) for which the Exchange's approved price data provider reports all such Reference Bond price evaluations.

50203.A.4.a. Yields to Maturity on Reference Bonds

For any given cContract gGrade sovereignty (Rules 50203.A.2.), yields to maturity on such sovereignty's Reference Bonds shall be computed in accordance with practices that are deemed by the Exchange to be prevalent in the market for such sovereignty's government bonds.

Each such yield to maturity shall be rounded to the nearest 0.00001 percent per annum, and shall be rounded up in the case of a tie.

Examples: A yield to maturity of 2.718282 percent per annum shall be rounded to 2.71828 percent. A yield to maturity of 3.141585 percent per annum shall be rounded up to 3.14159 percent.

Notwithstanding the foregoing, the Exchange shall have the right to determine the method, or methods, employed in computing such yields to maturity.

50203.A.4.b. Median of Yields to Maturity on Reference Bonds

For the Reference Bonds of a given cContract gGrade sovereignty (Rules 50203.A.2.) that are entailed in a contract tTrading uUnit for a given delivery month, the median of yields to maturity on such Reference Bonds (Rule 50203.A.4.a.) shall be:

- (1) the 50th percentile among such Reference Bond yields to maturity, where there is an odd number of such Reference Bonds;
- (2) the midpoint of the two yields to maturity with percentile ranks that are, respectively,

immediately above and immediately below the 50th percentile among such Reference Bond yields to maturity, where there is an even number of such Reference Bonds.

Such median value shall be rounded to the nearest 0.00001 percent per annum, and shall be rounded up in the case of a tie.

50203.B. Final Settlement

Clearing members holding open positions in expiring contracts at the termination of trading shall make payment to, or shall receive payment from, the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the Final Settlement Price.

~~50203.-06.C-I.~~ [RESERVED]

~~50204.~~ [RESERVED]

~~50205.~~ [RESERVED]

~~50206.~~ [RESERVED]

[\(End Chapter 502\)](#)

Chapter 503 Three-Month Euribor Futures

50300. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in~~ Three-Month Euribor futures. ~~The procedures for trading, clearing, delivery and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange. In addition to this chapter, Three-Month Euribor futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.~~

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.

50301. ~~CONTRACT~~COMMODITY SPECIFICATIONS

Each futures contract shall be for a euro interbank time deposit having a principal value of approximately €1,000,000 with a three-month term to maturity.

50302. ~~TRADING SPECIFICATIONS~~FUTURES CALL

50302.A. Trading Schedule

Futures contracts shall be scheduled for trading during such hours and for delivery in such months as may be determined by the Exchange.

50302.B. Trading Unit

The size of the unit of trading shall be euro interbank time deposits in the approximate amount of €1,000,000.

50302.C. Price Increments

~~Bids and offers~~Prices shall be quoted in terms of the IMM Index, 100.0000 minus the three-month euro interbank time deposit rate on an annual basis for a 360-day year. (For example, a rate of 2.55 percent shall be quoted as 97.4500.)

50302.C.1. Nearest Expiring Contract Month

Minimum fluctuations of the IMM Index shall be in multiples of 0.0025 Index points, equal to €6.25 per contract. ~~For each .0025 increase in the Index, the Clearing House shall credit €6.25 per contract to those clearing members holding open long positions and debit €6.25 per contract from those clearing members holding open short positions. For each .0025 decline in the Index, the Clearing House shall debit €6.25 per contract from those clearing members holding open long positions and credit €6.25 per contract to those clearing members holding open short positions.~~

50302.C.2. Contract Months Excluding the Nearest Expiring Contract Month

Minimum fluctuations of the IMM Index shall be in multiples of 0.005 Index points, equal to €12.50 per contract. ~~For each .005 increase in the Index, the Clearing House shall credit €12.50 per contract to those clearing members holding open long positions and debit €12.50 per contract from those clearing members holding open short positions. For each .005 decline in the Index, the Clearing House shall debit €12.50 per contract from those clearing members holding open long positions and credit €12.50 per contract to those clearing members holding open short positions.~~

50302.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits. A person owning or controlling more than 10,000 contracts net long or net short in all contract delivery months combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable. For positions involving options on Three-Month Euribor futures, this rule is superseded by the option position accountability rule.

50302.E. [Reserved] 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.~~

50302.F. [Reserved]

50302.G. Termination of Trading

50302.G.1. Last Day of Trading

Trading in an expiring contract shall terminate at 11:00 a.m. Central Europe ~~Time~~* on the second Trans-European Automated Real-time Gross settlement Express Transfer ("TARGET") System ~~Business Day~~ immediately preceding the third Wednesday of such contract's named month of delivery.

*11:00 a.m. Central Europe ~~Time~~ is 4:00 a.m. Chicago ~~Time~~, except when Daylight Savings Time is in effect in either, but not both, the Central Europe Time Zone or Chicago.

50302.G.2. Provision for Adjustment to Last Day of Trading

If, at any time after close of trading on the second Exchange ~~Business Day~~ prior to the day scheduled for Last Day of Trading (Rule 50302.G.1.), it becomes known to the Exchange that such day scheduled for Last Day of Trading will not be a TARGET System ~~Business Day~~, then the TARGET System ~~Business Day~~ next following such day shall become the Last Day of Trading.

50302.G.3. Exclusions

If, at any time after close of trading on the second Exchange ~~Business Day~~ prior to the day scheduled for Last Day of Trading, it becomes known to the Exchange that the day which would have been the TARGET System ~~Business Day~~ immediately preceding the third Wednesday of the month will not be a TARGET System ~~Business Day~~, then such event shall not affect the Last ~~Day of Trading Day~~, which shall remain as scheduled in accord with Rules 50302.G.1. and 50302.G.2.

50302.H. ~~[Reserved] Contract Modifications~~

~~Specifications shall be fixed as of the first day of trading and/or clearing of a contract except that all deliveries must conform to governmental regulations in force at the time of delivery. If any U.S. governmental agency or body issues an order, ruling, directive or law pertaining to the trading, clearing or delivery of three-month EURIBOR® (Rule 50303.A.), such order, ruling, directive or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subjected to such government orders.~~

50303. SETTLEMENT PROCEDURES

Delivery shall be by cash settlement.

50303.A. Final Settlement Price

The final settlement price of an expiring contract shall be 100 minus the three-month euro interbank time deposit rate (three-month EURIBOR®) determined at the EURIBOR-EBF fixing on the second TARGET System ~~Business Day~~ immediately preceding the third Wednesday of such contract's delivery month.

Such three-month EURIBOR® value shall be rounded to the nearest 1/1,000th of a percentage point per annum. Tie values, ie, any such values ending in 0.0005, shall be rounded down. For example, a three-month EURIBOR® fixing value of 2.7185 percent would be rounded down to 2.718 percent, and then subtracted from 100 to determine a contract final settlement price of 97.282.

50303.B. Final Settlement

Clearing members holding open positions in a contract at the time of termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

50304.-29. ~~[RESERVED] FAILURE TO PERFORM~~

~~If the clearing member with a delivery commitment fails to perform all acts required by this chapter, then that clearing member shall be deemed as failing to perform which may be punishable as a major violation. A clearing member shall be liable to the clearing member to which it was matched on the failing transaction for any loss sustained. The Exchange shall determine and assess losses~~

~~sustained, taking into account the settlement price, interest earnings foregone, and such other factors as it deems appropriate. The Exchange may also assess such penalties as it deems appropriate in addition to damages.~~

~~50305. [RESERVED]~~

~~50306. [RESERVED]~~

~~50307.-29. [RESERVED]~~

[\(End Chapter 503\)](#)

INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 503

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