

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 23-377 (6 of 6)

Organization: The Board of Trade of the City of Chicago, Inc. ("CBOT")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 10/05/23 Filing Description: Initial Listing of Monday Weekly Options on Short-Term U.S. Treasury Note Futures (2-Year), Medium-Term U.S. Treasury Note Futures (5-Year), U.S. Treasury Note Futures (6 1/2 to 7 3/4-Year), Ultra 10-Year U.S. Treasury Note Futures, U.S. Treasury Bond Futures, and Ultra U.S. Treasury Bond Futures Contracts

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

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

Rule Numbers:

New Product

Please note only ONE product per Submission.

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

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

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

Official Name(s) of Product(s) Affected: See filing

Rule Numbers: See filing

October 5, 2023

VIA ELECTRONIC PORTAL

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

**Re: CFTC Regulation 40.2(a) Certification. Initial Listing of Monday Weekly Options on Short-Term U.S. Treasury Note Futures (2-Year), Medium-Term U.S. Treasury Note Futures (5-Year), U.S. Treasury Note Futures (6 ½ to 7 ¾-Year), Ultra 10-Year U.S. Treasury Note Futures, U.S. Treasury Bond Futures, and Ultra U.S. Treasury Bond Futures Contracts.
 CBOT Submission No. 23-377 (6 of 6)**

Dear Mr. Kirkpatrick:

The Board of Trade of the City of Chicago, Inc. (“CBOT” or “Exchange”) hereby certifies to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the initial listing of Monday Weekly Options Short-Term U.S. Treasury Note Futures (2-Year), Medium-Term U.S. Treasury Note Futures (5-Year), U.S. Treasury Note Futures (6 ½ to 7 ¾-Year), Ultra 10-Year U.S. Treasury Note Futures, U.S. Treasury Bond Futures, and Ultra U.S. Treasury Bond Futures contracts (collectively the “Contracts”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort, effective on Sunday, October 29, 2023, for trade date Monday, October 30, 2023.

Section 1 – Contract Specifications

| CONTRACT TITLE | Monday Weekly Options on Short-Term U.S. Treasury Note Futures (2-Year) | Monday Weekly Options on Medium-Term U.S. Treasury Note Futures (5-Year) | Monday Weekly Options on U.S. Treasury Note Futures (6 ½ to 7 ¾-Year) | Monday Weekly Options on Ultra 10-Year U.S. Treasury Note Futures | Monday Weekly Options on U.S. Treasury Bond Futures | Monday Weekly Options on Ultra U.S. Treasury Bond Futures |
|---------------------------|---|--|---|---|---|---|
| CONTRACT UNIT | 1 futures contract with face value at maturity of \$200,000 | 1 futures contract with face value at maturity of \$100,000 | | | | |
| MINIMUM PRICE FLUCTUATION | Outright: 1/2 of 1/64th of 1 point (0.0078125) = \$15.625 | Outright: 1/2 of 1/64th of 1 point (0.0078125) = \$7.8125 | Outright: 1/64th of 1 point (0.015625) = \$15.625 | | | |
| | CAB: \$1.00 increments from \$1.00 - \$15.00 | CAB: \$1.00 increments from \$1.00 - \$7.00 | CAB: \$1.00 increments from \$1.00 - \$15.00 | | | |
| PRICE QUOTATION | Points and fractions of points with par on the basis of 100 points | | | | | |

| | | | | | | |
|---|---|--|---|---|--|--|
| TRADING AND CLEARING HOURS | CME Globex: Sunday 5:00 p.m. - Friday - 4:00 p.m. CT with a daily maintenance period from 4:00 p.m. - 5:00 p.m. CT | | | | | |
| | CME ClearPort: Sunday 5:00 p.m. - Friday 5:45 p.m. CT with no reporting Monday - Thursday from 5:45 p.m. - 6:00 p.m. CT | | | | | |
| COMMODITY CODE | VT1-VT5 | VF1-VF5 | VY1-VY5 | VX1-VX5 | VB1-VB5 | VU1-VU5 |
| LISTING SCHEDULE | Weekly contracts listed for 2 consecutive weeks | | | | | |
| INITIAL LISTING | November Week 1 (11/6/2023) and November Week 2 (11/13/2023) | | | | | |
| TERMINATION OF TRADING | Trading terminates on Monday of the contract week at 2:00 p.m. Central Time | | | | | |
| RULEBOOK CHAPTER | 21A | 20A | 19A | 26A | 18A | 40A |
| CME GLOBEX MATCHING ALGORITHM | Q - Threshold Pro Rata with LMM | | | | | |
| MINIMUM BLOCK LEVEL | RTH - 2,000 ETH - 1,000 ATH - 500 | RTH - 7,500 ETH - 3,750 ATH - 1,875 | RTH - 7,500 ETH - 3,750 ATH - 1,875 | RTH - 1,400 ETH - 700 ATH - 350 | RTH - 7,500 ETH - 3,750 ATH - 1,875 | RTH - 800 ETH - 600 ATH - 300 |
| REPORTING WINDOW | RTH – 5 minutes ETH/ATH – 15 minutes | | | | | |
| STRIKE PRICE LISTING SCHEDULE | Strike prices will be listed in increments of one-eighth of one point. The minimum strike price range will include the at-the-money strike price closest to the current futures price plus the next twenty (20) consecutive higher and the next twenty (20) consecutive lower strike prices. | Strike prices will be listed in increments of one-quarter of one price point. The minimum strike price range will include the strike price closest to the current underlying futures contract settlement price (at-the-money price) plus the next twenty four (24) consecutive higher and the next twenty four (24) consecutive lower strike prices. | Strike prices will be listed in increments of one-quarter of one point. The minimum strike price range will include the at-the-money strike price closest to the current futures price plus the next fifty (50) consecutive higher and the next fifty (50) consecutive lower strike prices. | Strike prices will be listed in increments of one-quarter of one point. The minimum strike price range will include the at-the-money strike price closest to the current futures price plus the next sixty (60) consecutive higher and the next sixty (60) consecutive lower strike prices. | Strike prices will be listed in increments of one-half of one point. The minimum strike price range will include the at-the-money strike price closest to the current futures price plus the next forty (40) consecutive higher and the next forty (40) consecutive lower strike prices. | Strike prices will be listed in increments of one-half of one point. The minimum strike price range will include the at-the-money strike price closest to the current futures price plus the next sixty (60) consecutive higher and the next sixty (60) consecutive lower strike prices. |
| EXERCISE STYLE | American Style: The buyer of an option may exercise the option on any business day prior to expiration by giving notice to CME Clearing by 5:30 p.m. CT. Following termination of trading, options that expire in-the-money are automatically exercised into underlying futures, with no allowance for contrary instruction. Automatic exercise is determined in relation to the daily settlement price of the option's underlying futures contract | | | | | |
| SETTLEMENT METHOD | Deliverable into underlying futures contract | | | | | |
| UNDERLYING FUTURES CONTRACT / COMMODITY CODE | Short-Term U.S. Treasury Note Futures (2-Year) / ZT | Medium-Term U.S. Treasury Note Futures (5-Year) / ZF | U.S. Treasury Note Futures (6½ to 7 ¾-Year) / ZN | Ultra 10-Year U.S. Treasury Note Futures / TN | U.S. Treasury Bond Futures / ZB | Ultra U.S. Treasury Bond Futures / UB |

Section 2: Overview of CBOT U.S. Treasury Futures and U.S. Treasury Issuance

Underlying Instrument

Each option will be exercisable into its corresponding underlying CBOT U.S Treasury futures contract.

Primary Treasury Issuance and CBOT Treasury Futures

The U.S. Treasury routinely issues debt of various types and tenors to fund federal government operations. While the U.S. Treasury issues several types of debt – including inflation adjusted debt and floating rate debt – only fixed rate debt is relevant to this analysis. Fixed rate U.S. Treasury debt is categorized into three groups: Treasury Bills (tenors of 4, 8, 13, 17, 26, and 52 weeks)¹; Treasury Notes (tenors of 2, 3, 5, 7, or 10 years);² and Treasury Bonds (tenors of 20 or 30 years).³

CBOT U.S. Treasury futures are based only on Notes and Bonds. Each contract has an eligible basket of securities that can be used by the short position to deliver to the long position at the termination of the contract. For instance, for the Short-Term U.S. Treasury Note Futures (2-Year) contract, any Note with an original term to maturity of not more than five (5) years and three (3) months and a remaining term to maturity of not less than one (1) year and nine (9) months from the first day of the delivery month and a remaining term to maturity of not more than two (2) years from the last day of the delivery month can be used to satisfy delivery of the contract. For the December 2023 contract month, as of September 28, 2023, eligible securities for delivery included nine (9) separate securities across three (3) tenors: 2-Year Notes, 3-Year Notes, and 5-year Notes.⁴

Given the scale of U.S. Treasury issuance, there is a significant amount of Notes and Bonds that are eligible to be delivered into the underlying futures contracts. Figure A. below shows that the U.S. Treasury has issued a *minimum* of \$2.3 trillion per calendar year in Notes and Bonds since 2018.

Figure A. US Treasury Securities Gross Issues by Tenor (\$B)⁵

| Year | Notes | | | | | Bonds | | Total |
|----------|--------|--------|--------|--------|---------|---------|---------|-------|
| | 2-Year | 3-Year | 5-Year | 7-Year | 10-Year | 20-Year | 30-Year | |
| 2018 | 475 | 410 | 523 | 429 | 298 | 0 | 196 | 2,332 |
| 2019 | 511 | 521 | 524 | 409 | 346 | 0 | 237 | 2,548 |
| 2020 | 639 | 640 | 653 | 582 | 448 | 195 | 299 | 3,457 |
| 2021 | 817 | 852 | 831 | 841 | 575 | 335 | 368 | 4,619 |
| 2022 | 571 | 669 | 583 | 510 | 517 | 190 | 306 | 3,345 |
| YTD 2023 | 358 | 309 | 366 | 298 | 255 | 109 | 147 | 1,842 |

This data can also be used to view eligible gross issue by each proposed product, as demonstrated in Figure B. below, where the *lowest* eligible gross issue amount was \$299B for the Ultra U.S. Treasury Bond Future contract in 2020.

¹ Treasury Bill [overview](#)

² Treasury Note [overview](#)

³ Treasury Bond [overview](#)

⁴ The most recent list of deliverable securities for each futures contract can be found via the UST Conversion Factor [website](#) on <https://www.cmegroup.com/>

⁵ SIFMA and US Treasury [data](#). 2023 data is as of July

Figure B. US Treasury Securities Gross Issues by Delivery Eligibility (\$B)⁵

| Contract Title | CBOT Rulebook Chapter | Underlying Futures Contract | Eligible Securities | 2020 Eligible Gross Issue | 2021 Eligible Gross Issue | 2022 Eligible Gross Issue |
|---|-----------------------|--|------------------------|---------------------------|---------------------------|---------------------------|
| Monday Weekly Options on Short-Term U.S. Treasury Note Futures (2-Year) - Week 1-5 | 21A | 2-Year Treasury Note Futures | 2, 3, and 5-Year Notes | 1,933 | 2,500 | 1,822 |
| Monday Weekly Options on Medium-Term U.S. Treasury Note Futures (5-Year) - Week 1-5 | 20A | 5-Year Treasury Note Futures | 5-Year Note | 653 | 831 | 583 |
| Monday Weekly Options on U.S. Treasury Note Futures (6 ½ to 7 ¾ Year) - Week 1-5 | 19A | U.S. Treasury Note Futures (6 ½ to 7 ¾ Year) | 7 and 10-Year Notes | 1,030 | 1,417 | 1,026 |
| Monday Weekly Options on Ultra 10-Year U.S. Treasury Note Futures- Week 1-5 | 26A | Ultra 10-Year Treasury Note Futures | 10-Year Note | 448 | 575 | 517 |
| Monday Weekly Options on U.S. Treasury Bond Futures - Week 1-5 | 18A | Treasury Bond Futures | 20 and 30-Year Bonds | 494 | 703 | 496 |
| Monday Weekly Options on Ultra U.S. Treasury Bond Futures - Week 1-5 | 40A | Ultra Treasury Bond Futures | 30-Year Bond | 299 | 368 | 306 |

Section 3: Compliance with Core Principles

Compliance with Core Principles

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Contracts may have some bearing on the following Core Principles:

Core Principle 2 – Compliance with Rules

Trading in the Contracts shall be subject to:

- CME Rulebook Chapter 4, which includes prohibitions against fraudulent, noncompetitive, unfair, and abusive practices;
- the Exchange’s trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook; and
- monitoring and surveillance by CME Group’s Market Regulation Department, which has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

Core Principle 3 – Contracts Not Readily Subject to Manipulation

As previously noted, the U.S. Treasury market is a demonstrably massive and robust market. The final settlement of the Contracts provides an additional layer of robustness against day-to-day volatility in U.S. Treasury trading.

The Contracts are not readily subject to manipulation due to the deep liquidity and robustness in the underlying cash and futures markets, which provide diverse participation and sufficient spot transactions.

Core Principle 4 – Prevention of Market Disruption

Trading in the Options shall be subject to CME Rulebook Chapters 4 and 7, which include prohibitions on manipulation, price distortion, and disruption to the expiration process. As with any product listed for trading

on a CME Group designated contract market, trading activity in the Options shall be subject to monitoring and surveillance by CME Group's Market Regulation Department.

Core Principle 5 – Position Limits or Accountability

Similar to CBOT's Wednesday Weekly Options on these related underlying futures contracts, the Contracts shall be subject to a Position Reporting Level of 25 contracts. The Contracts shall also be subject to a Single-Month Position Accountability Level of 7,500 contracts (for Note-based contracts) or 10,000 contracts (for Bond-based contracts) net futures contract equivalents, and an All-Month Position Accountability Level of 7,500 contracts or 10,000 net futures contract equivalents.

To appreciate the proportions of the Position Accountability standards, the Exchange utilized a position in the Short-Term U.S. Treasury Note Futures (2-Year) contract as an example. The value of this contract is \$200,000 (it is \$100,000 for all others), and accountability level of 7,500 net futures. This corresponds to \$1.5 billion in U.S. Treasury value.

In addition, the underlying futures contracts have spot-month limits that become effective within ten (10) business days prior to the last day of trading in the expiring contract month.

Core Principle 7 – Availability of General Information

The Exchange shall disseminate a Special Executive Report ("SER") that sets forth information with regard to specifications, terms, and conditions of the Contracts. In addition to such SER, daily trading volume, open interest, and price information for the Contracts shall be published on CME Group's website.

Core Principle 8 – Daily Publication of Trading Information

The Exchange shall publish trading volumes, open interest levels, and price information daily of the Contracts on CME Group's website and through quote vendors.

Core Principle 9 – Execution of Transactions

The Contracts will be listed for trading on the CME Globex electronic trading platform and for submission of clearing via CME ClearPort. CME Globex provides for competitive and open execution of transactions and affords the benefits of reliability and global connectivity.

Core Principle 10 – Trade Information

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

Core Principle 11 – Financial Integrity of Transactions

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

Core Principle 12 – Protection of Markets and Market Participants

Chapters 4 and 5 in the Rulebook set forth multiple strictures that preclude intermediaries from disadvantaging their customers. These Rules apply to trading in the Exchange's competitive trading venues and will apply to transactions in the Contracts.

Core Principle 13 – Disciplinary Procedures

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

Core Principle 14 – Dispute Resolution

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

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

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

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A Amendments to CBOT Rulebook Chapters 21A, 20A, 19A, 26A, 18A, 40A (blackline format)
Appendix B Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook (attached under separate cover)
Appendix C CBOT Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table
Appendix D CBOT Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table
Appendix E Exchange Fees

Appendix A

CBOT Rulebook

(additions underscoring; deletions struck through)

Chapter 21A Options on Short-Term U.S. Treasury Note Futures (2-Year)

21A00. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on Short-Term U.S. Treasury Note futures (2-Year). In addition to the rules of this chapter, transactions in such options shall be subject to the general rules of the Exchange insofar as applicable.

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

21A01. OPTIONS CHARACTERISTICS

21A01.A. Contract Expiration Dates and Trading Hours

Options shall be listed for expiration on such dates as may be determined by the Exchange, subject to Rules 21A01.D. and Rules 21A01.I.

Options shall be scheduled for trading during such hours as may be determined by the Exchange. Without limitation to the foregoing, markets in all options on Short-Term U.S. Treasury Note futures (2-Year) generally shall be opened or closed simultaneously.

1. All Options Excluding Monday Weekly Options and Wednesday Weekly Options

On its last day of trading, an expiring option shall cease trading at the same time as the close of trading on that day in such option's Underlying Futures Contract (in accord with Rules 21A01.I.).

2. Monday Weekly Options

On its last day of trading, an expiring Monday Weekly option shall cease trading at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract (in accord with Rules 21A01.I.).

~~2~~ 3. Wednesday Weekly Options

On its last day of trading, an expiring Wednesday Weekly option shall cease trading at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract (in accord with Rules 21A01.I.).

21A01.B. Trading Unit

The trading unit shall be an option to buy in the case of a call, or to sell in the case of a put, one Short-Term U.S. Treasury Note futures (2-Year) contract for a given delivery month (Chapter 21).

21A01.C. Minimum Fluctuations

The price of an option shall be in price points of such option's Underlying Futures Contract (Rule 21A01.D.), such that for each Underlying Futures Contract par is on the basis of 100 points, and each point is equal to \$2,000 per Underlying Futures Contract (Rule 21102.C.).

The minimum price fluctuation for such option shall be one half (1/2) of one sixty-fourth (1/64th) of one point (equal to \$15.625 per option contract), provided that a position in such option may be initiated or liquidated at any price level ranging from \$1.00 to \$15.00 per option contract, in \$1.00 increments, unless otherwise specified in the current CBOT Market Regulation Advisory Notice entitled Cabinet Transactions in Options Products.

Where the price of such option is quoted in volatility terms, the minimum price fluctuation shall be one tenth (1/10th) of one percent per annum (e.g., 9.9 percent, 10.0 percent, 10.1 percent, 10.2 percent).

21A01.D. Underlying Futures Contracts

1. Options in the March Quarterly Cycle ("Quarterly Options")

For any option for which the named month of expiration is in the March quarterly cycle (i.e., March, June, September, or December), the Underlying Futures Contract shall be Short-Term

U.S. Treasury Note futures (2-Year) for delivery in the same month as such option's named month of expiration. For example, for a given year, Short-Term U.S. Treasury Note futures

(2-Year) for delivery in March shall be the Underlying Futures Contract for a March option.

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

For any option for which the named month of expiration is not in the March quarterly cycle, (i.e., January, February, April, May, July, August, October, or November), the Underlying Futures Contract shall be Short-Term U.S. Treasury Note futures (2-Year) for delivery in the March quarterly cycle month next following such option’s named month of expiration. For example, for a given year, Short-Term U.S. Treasury Note futures (2-Year) for delivery in March shall be the Underlying Futures Contract for a January option and for a February option.

3. Weekly Options

A weekly option shall be designated to expire on a given Friday, *provided that* no weekly option shall expire on any Friday that is also the scheduled last day of trading in a quarterly option (Rule 21A01.D.1.) or a serial option (Rule 21A01.D.2.). For any weekly option, the Underlying Futures Contract shall be Short-Term U.S. Treasury Note futures (2-Year) for delivery in a March quarterly cycle month following such option’s date of expiration, as designated by the Exchange when such weekly option is listed for trading.

For an Underlying Futures Contract for a given delivery month, all weekly options shall expire prior to the expiration of quarterly options (Rule 21A01.D.1. and Rule 21A01.I.1.).

4. Monday Weekly Options

For any Monday Weekly option, the Underlying Futures Contract shall be Short-Term U.S. Treasury Note futures (2-Year) for delivery in a March quarterly cycle month following such option’s date of expiration, as designated by the Exchange when such Monday Weekly option is listed for trading. For an Underlying Futures Contract for a given delivery month, all Monday Weekly options shall expire prior to the expiration of quarterly options (Rule 21A01.D.1. and Rule 21A01.I.1.).

4.5. Wednesday Weekly Options

For any Wednesday Weekly option, the Underlying Futures Contract shall be Short-Term U.S. Treasury Note futures (2-Year) for delivery in a March quarterly cycle month following such option’s date of expiration, as designated by the Exchange when such Wednesday Weekly option is listed for trading. For an Underlying Futures Contract for a given delivery month, all Wednesday Weekly options shall expire prior to the expiration of quarterly options (Rule 21A01.D.1. and Rule 21A01.I.1.).

21A01.E. Exercise Prices

Option exercise prices shall be in terms of Short-Term U.S. Treasury Note futures (2-Year) price points (Rule 21102.C.) and shall be in integer multiples of one eighth (1/8) of one (1) point (Rule 21A01.C.). At the commencement of trading in option contracts for a given expiration date, 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 (“at-the-money price” or “ATM price”). If the previous day’s Underlying Futures Contract settlement price is midway between two eligible option exercise price levels, then the ATM price shall be set as the higher of the two eligible exercise price levels.

The Exchange also shall list Quarterly put and call options and Serial put and call options for trading at all eligible exercise price levels in a range of 3 ¾ points above and 3 ¾ points below (i.e., 30 exercise price levels above and 30 exercise price levels below) the ATM exercise price, and shall list Weekly put and call options, **Monday Weekly put and call options**, and Wednesday Weekly put and call options for trading at all eligible exercise price levels in a range of 2 ½ points above and 2 ½ points below (i.e., 20 exercise price levels above and 20 exercise price levels below) the ATM exercise price.

Thereafter, the Exchange shall add new put and call options to ensure that such Quarterly and Serial options are listed for trading at all eligible exercise prices in a range of at least 3 ¾ points above and at least 3 ¾ points below, and that such Weekly, **Monday Weekly**, and Wednesday Weekly options are listed for trading at all eligible exercise prices in a range of at least 2 ½ points above and at least 2 ½ points below, the ATM exercise price level that is set with reference to the most recent Underlying Futures Contract settlement price.

New options may be listed for trading up to and including the termination of trading in such options. Upon demand and at the discretion of the Exchange, a new option contract with an out-of-current-range exercise price may be added, on an as-soon-as-possible basis, provided that the exercise price of such newly added option contract must be an integer multiple of one eighth (1/8) of one (1) price point (Rule 21A01.C.). The Exchange may modify the procedure for the introduction of exercise prices as it deems appropriate.

21A01.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.

21A01.G. Nature of Options

The buyer of a put option may exercise such option at any time prior to expiration (subject to Rule 21A02.A.) to assume a short position in one Underlying Futures Contract (Rule 21A01.D.) at such option's exercise price (Rule 21A01.E.). Upon exercise by a put option buyer, the seller of such option shall incur the obligation to assume a long position in one Underlying Futures Contract at such option's exercise price.

The buyer of a call option may exercise such option at any time prior to expiration (subject to Rule 21A02.A.) to assume a long position in one Underlying Futures Contract (Rule 21A01.D.) at such option's exercise price (Rule 21A01.E.). Upon exercise by a call option buyer, the seller of such option shall incur the obligation to assume a short position in one Underlying Futures Contract at such option's exercise price.

21A01.H. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

21A01.I. Termination of Trading

For any expiring option, if the market in such option's Underlying Futures Contract (Rule 21A01.D.) does not open on the scheduled last day of trading in such option, then the termination of trading in such option shall occur on the next following day on which the market in such option's Underlying Futures Contract is open for trading.

1. Quarterly Options and Serial Options

For a given expiring quarterly option contract (Rule 21A01.D.1.) or serial option contract (Rule 21A01.D.2.), if the Friday that precedes by one business day the last business day of the calendar month preceding such option's named month of expiration is not a business day, then the last day of trading shall be the first business day prior to such Friday.

Otherwise, the last day of trading in such option shall be the last Friday that precedes by at least two business days the last business day of the calendar month preceding such option's named month of expiration.

On its last day of trading, trading in such option shall terminate at the close of trading in such option's Underlying Futures Contract.

2. Weekly Options

For a given weekly option contract, the last day of trading shall be the Friday on which such option is designated to expire (Rule 21A01.D.3.). If such Friday is not a business day, then the last day of trading in such option shall be the business day next preceding such Friday.

On its last day of trading, trading in such option shall terminate at the close of trading in such option's Underlying Futures Contract.

3. Monday Weekly Options

For a given Monday Weekly option contract, the last day of trading shall be the Monday on which such option is designated to expire (Rule 21A01.D.4.). If such Monday is not a business day, then the last day of trading in such option shall be the first business day following such Monday. On its last day of trading, trading in such options shall terminate at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract.

3 4. Wednesday Weekly Options

For a given Wednesday Weekly option contract, the last day of trading shall be the Wednesday on which such option is designated to expire (Rule 21A01.D.5.). If such Wednesday is not a business day, then the last day of trading in such option shall be the first business day preceding such Wednesday. On its last day of trading, trading in such options shall terminate at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract.

21A01.J. Contract Modification

Contract terms for any option shall be fixed when such option is initially listed for trading, *provided that* any such option must conform to government regulations that are in force at such time as such option may be exercised. If the U.S. government, or an agency or duly constituted body thereof, issues an order, ruling, directive, or law inconsistent with these rules, then such order, ruling, directive, or law shall be construed to become part of the rules, and all open and new option contracts shall be subject to such order, ruling, directive, or law.

21A02. EXERCISE AND ASSIGNMENT

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

21A02.A. Exercise

An option may be exercised by the buyer on any business day that such option is traded. To exercise such option, the clearing member representing the option buyer shall present an exercise notice to the Clearing House by 5:30 p.m., or by such other time as the Exchange may designate, on the day of exercise.

1. All Options Excluding Monday Weekly Options and Wednesday Weekly Options

An unexercised option shall expire at 5:30 p.m. on the last day of trading in such option (Rule 21A01.I).

An option that is in the money, and that has not been liquidated or exercised prior to its termination of trading, shall be exercised automatically upon expiration, in the absence of contrary instructions. Such contrary instructions must be delivered to the Clearing House, by the clearing member representing the buyer of such option, no later than 5:30 p.m. (or such other time as may be designated by the Exchange) on the last day of trading in such option (Rule 21A01.I).

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 21A01.D.) on the last day of trading in such option (Rules 21A01.I.) lies strictly above such option's exercise price, and shall be out of the money if such daily settlement price is at or below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

2. Monday Weekly Options

An option that has not been liquidated or exercised prior to its termination of trading (according to Rule 21A01.I.3.) shall be exercised automatically by the Clearing House if such option expires in the money. Such option shall be abandoned automatically by the Clearing House if it expires out of the money. For the avoidance of doubt, no such option that expires in the money shall be abandoned, and no such option that expires out of the money shall be exercised.

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 21A01.D.) on the last day of trading in such option (Rules 21A01.I.) is at or above such option's exercise price, and shall be out of the money if such daily settlement price lies strictly below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

2.3 . Wednesday Weekly Options

An option that has not been liquidated or exercised prior to its termination of trading (according to Rule 21A01.I.4) shall be exercised automatically by the Clearing House if such option expires in the money. Such option shall be abandoned automatically by the Clearing House if it expires out of the money. For the avoidance of doubt, no such option that expires in the money shall be abandoned, and no such option that expires out of the money shall be exercised.

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 21A01.D.) on the last day of trading in such option (Rules 21A01.I.) is at or above such option's exercise price, and shall be out of the money if such daily settlement price lies strictly below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

21A02.B. Assignment

For any given option contract, an exercise notice accepted by the Clearing House (in accord with Rule 21A02.A.) shall be assigned by the Clearing House through a process of random selection of clearing members carrying open short positions in such option contract. A clearing member to whom such exercise notice has been assigned shall be notified thereof as soon as practicable following such assignment.

The clearing member to whom such exercise notice has been assigned shall be assigned a short position in such option's Underlying Futures Contract (Rules 21A01.D.) if such option is a call, or a long position in such option's Underlying Futures Contract if such option is a put. The clearing member representing the option buyer making exercise shall be assigned a long position in such option's Underlying Futures Contract if such option is a call, or a short position in such option's Underlying Futures Contract if such option is a put.

Such futures positions shall be assigned at a price equal to the exercise price of such option contract, and shall be marked to market (in accordance with Rule 814) on the day on which the Clearing House accepts such exercise notice.

21A03. [RESERVED]

21A04. [RESERVED]

21A05. PAYMENT OF OPTION PREMIUM

In respect of the purchase of an option, the corresponding option premium shall be paid in full to the Clearing House by the option purchaser's clearing member, and shall be paid in full to the option purchaser's futures commission merchant by the option purchaser, at the time that such option is purchased, or within a reasonable time after such option is purchased.

Chapter 20A

Options on Medium-Term U.S. Treasury Note Futures (5-Year)

20A00. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on Medium-Term U.S. Treasury Note futures (5-Year). In addition to the rules of this chapter, transactions in such options shall be subject to the general rules of the Exchange insofar as applicable.

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

20A01. OPTIONS CHARACTERISTICS

20A01.A. Contract Expiration Dates and Trading Hours

Options shall be listed for expiration on such dates as may be determined by the Exchange, subject to Rules 20A01.D. and Rules 20A01.I.

Options shall be scheduled for trading during such hours as may be determined by the Exchange. Without limitation to the foregoing, markets in all options on Medium-Term U.S. Treasury Note futures (5-Year) generally shall be opened or closed simultaneously.

1. All Options Excluding **Monday Weekly Options and** Wednesday Weekly Options

On its last day of trading, an expiring option shall cease trading at the same time as the close of trading on that day in such option's Underlying Futures Contract (in accord with Rules 20A01.I.).

2. Monday Weekly Options

On its last day of trading, an expiring Monday Weekly option shall cease trading at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract (in accord with Rules 20A01.I.).

2 3. Wednesday Weekly Options

On its last day of trading, an expiring Wednesday Weekly option shall cease trading at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract (in accord with Rules 20A01.I.).

20A01.B. Trading Unit

The trading unit shall be an option to buy in the case of a call, or to sell in the case of a put, one Medium-Term U.S. Treasury Note futures (5-Year) contract for a given delivery month (Chapter 20).

20A01.C. Minimum Fluctuations

The price of an option shall be in price points of such option's Underlying Futures Contract (Rule 20A01.D.), such that for each Underlying Futures Contract par is on the basis of 100 points, and each point is equal to \$1,000 per Underlying Futures Contract (Rule 20102.C.).

The minimum price fluctuation for such option shall be one half (1/2) of one sixty-fourth (1/64th) of one point (equal to \$7.8125 per option contract), *provided that* a position in such option may be initiated or liquidated at any price level ranging from \$1.00 to \$7.00 per option contract, in \$1.00 increments, unless otherwise specified in the current CBOT Market Regulation Advisory Notice entitled Cabinet Transactions in Options Products.

Where the price of such option is quoted in volatility terms, the minimum price fluctuation shall be one tenth (1/10th) of one percent per annum (e.g., 9.9 percent, 10.0 percent, 10.1 percent, 10.2 percent).

20A01.D. Underlying Futures Contracts

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

For any option for which the named month of expiration is in the March quarterly cycle (i.e., March, June, September, or December), the Underlying Futures Contract shall be on Medium-Term U.S. Treasury Note futures (5-Year) for delivery in the same month as such option’s named month of expiration. For example, for a given year, on Medium-Term U.S. Treasury Note futures (5-Year) for delivery in March shall be the Underlying Futures Contract for a March option.

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

For any option for which the named month of expiration is not in the March quarterly cycle, (i.e., January, February, April, May, July, August, October, or November), the Underlying Futures Contract shall be on Medium-Term U.S. Treasury Note futures (5-Year) for delivery in the March quarterly cycle month next following such option’s named month of expiration. For example, for a given year, on Medium-Term U.S. Treasury Note futures (5-Year) for delivery in March shall be the Underlying Futures Contract for a January option and for a February option.

3. Weekly Options

A weekly option shall be designated to expire on a given Friday, *provided that* no weekly option shall expire on any Friday that is also the scheduled last day of trading in a quarterly option (Rule 20A01.D.1.) or a serial option (Rule 20A01.D.2.). For any weekly option, the Underlying Futures Contract shall be Medium-Term U.S. Treasury Note futures (5-Year) for delivery in a March quarterly cycle month following such option’s date of expiration, as designated by the Exchange when such weekly option is listed for trading.

For an Underlying Futures Contract for a given delivery month, all weekly options shall expire prior to the expiration of quarterly options (Rule 20A01.D.1. and Rule 20A01.I.1.).

4. Monday Weekly Options

For any Monday Weekly option, the Underlying Futures Contract shall be on Medium-Term U.S. Treasury Note futures (5-Year) for delivery in a March quarterly cycle month following such option’s date of expiration, as designated by the Exchange when such Monday Weekly option is listed for trading. For an Underlying Futures Contract for a given delivery month, all Monday Weekly options shall expire prior to the expiration of quarterly options (Rule 20A01.D.1. and Rule 20A01.I.1.).

5. Wednesday Weekly Options

For any Wednesday Weekly option, the Underlying Futures Contract shall be on Medium-Term U.S. Treasury Note futures (5-Year) for delivery in a March quarterly cycle month following such option’s date of expiration, as designated by the Exchange when such Wednesday Weekly option is listed for trading. For an Underlying Futures Contract for a given delivery month, all Wednesday Weekly options shall expire prior to the expiration of quarterly options (Rule 20A01.D.1. and Rule 20A01.I.1.).

20A01.E. Exercise Prices

Option exercise prices shall be in terms of Medium-Term U.S. Treasury Note futures (5-Year) price points (Rule 20102.C.) and shall be in integer multiples of one quarter (1/4) of one (1) point (Rule 20A01.C.). At the commencement of trading in option contracts for a given expiration date, 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 (“at-the-money price” or “ATM price”). If the previous day’s Underlying Futures Contract settlement price is midway between two eligible option exercise price levels, then the ATM price shall be set as the higher of the two eligible exercise price levels.

The Exchange also shall list Quarterly put and call options and Serial put and call options for trading at all eligible exercise price levels in a range of 7 ½ points above and 7 ½ points below (i.e., 30 exercise price levels above and 30 exercise price levels below) the ATM exercise price, and shall list Weekly put and call options, **Monday Weekly put and call options**, and Wednesday Weekly put and call options for trading at all eligible exercise price levels in a range of 6 points above and 6 points below (i.e., 24 exercise price levels above and 24 exercise price levels below) the ATM exercise price.

Thereafter, the Exchange shall add new put and call options to ensure that such Quarterly and Serial options are listed for trading at all eligible exercise prices in a range of at least 7 ½ points above and at least 7 ½ points below, and that such Weekly, **Monday Weekly**, and Wednesday Weekly options are listed for trading at all eligible exercise prices in a range of at least 6 points above and at least 6 points below, the ATM exercise price level that is set with reference to the most recent Underlying Futures Contract settlement price.

New options may be listed for trading up to and including the termination of trading in such options. Upon demand and at the discretion of the Exchange, a new option contract with an out-of-current-range exercise price may be added, on an as-soon-as-possible basis, provided that the exercise price of such newly added option contract must be an integer multiple of one quarter (1/4) of one (1) price point (Rule 20A01.C.). The Exchange may modify the procedure for the introduction of exercise prices as it deems appropriate.

20A01.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.

20A01.G. Nature of Options

The buyer of a put option may exercise such option at any time prior to expiration (subject to Rule 20A02.A.) to assume a short position in one Underlying Futures Contract (Rule 20A01.D.) at such option's exercise price (Rule 20A01.E.). Upon exercise by a put option buyer, the seller of such option shall incur the obligation to assume a long position in one Underlying Futures Contract at such option's exercise price.

The buyer of a call option may exercise such option at any time prior to expiration (subject to Rule 20A02.A.) to assume a long position in one Underlying Futures Contract (Rule 20A01.D.) at such option's exercise price (Rule 20A01.E.). Upon exercise by a call option buyer, the seller of such option shall incur the obligation to assume a short position in one Underlying Futures Contract at such option's exercise price.

20A01.H. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

20A01.I. Termination of Trading

For any expiring option, if the market in such option's Underlying Futures Contract (Rule 20A01.D.) does not open on the scheduled last day of trading in such option, then the termination of trading in such option shall occur on the next following day on which the market in such option's Underlying Futures Contract is open for trading.

1. Quarterly Options and Serial Options

For a given expiring quarterly option contract (Rule 20A01.D.1.) or serial option contract (Rule 20A01.D.2.), if the Friday that precedes by one business day the last business day of the calendar month preceding such option's named month of expiration is not a business day, then the last day of trading shall be the first business day prior to such Friday.

Otherwise, the last day of trading in such option shall be the last Friday that precedes by at least two business days the last business day of the calendar month preceding such option's named month of expiration.

On its last day of trading, trading in such option shall terminate at the close of trading in such option's Underlying Futures Contract.

2. Weekly Options

For a given weekly option contract, the last day of trading shall be the Friday on which such option is designated to expire (Rule 20A01.D.3.). If such Friday is not a business day, then the last day of trading in such option shall be the business day next preceding such Friday.

On its last day of trading, trading in such option shall terminate at the close of trading in such option's Underlying Futures Contract.

3. Monday Weekly Options

For a given Monday Weekly option contract, the last day of trading shall be the Monday on which such option is designated to expire (Rule 20A01.D.4.). If such Monday is not a business day, then the last day of trading in such option shall be the first business day following such Monday. On

its last day of trading, trading in such options shall terminate at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract.

3 4. Wednesday Weekly Options

For a given Wednesday Weekly option contract, the last day of trading shall be the Wednesday on which such option is designated to expire (Rule 20A01.D.5). If such Wednesday is not a business day, then the last day of trading in such option shall be the first business day preceding such Wednesday. On its last day of trading, trading in such options shall terminate at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract.

20A01.J. Contract Modification

Contract terms for any option shall be fixed when such option is initially listed for trading, *provided that* any such option must conform to government regulations that are in force at such time as such option may be exercised. If the U.S. government, or an agency or duly constituted body thereof, issues an order, ruling, directive, or law inconsistent with these rules, then such order, ruling, directive, or law shall be construed to become part of the rules, and all open and new option contracts shall be subject to such order, ruling, directive, or law.

20A02. EXERCISE AND ASSIGNMENT

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

20A02.A. Exercise

An option may be exercised by the buyer on any business day that such option is traded. To exercise such option, the clearing member representing the option buyer shall present an exercise notice to the Clearing House by 5:30 p.m., or by such other time as the Exchange may designate, on the day of exercise.

1. All Options Excluding Monday Weekly Options and Wednesday Weekly Options

An unexercised option shall expire at 5:30 p.m. on the last day of trading in such option (Rule 20A01.I).

An option that is in the money, and that has not been liquidated or exercised prior to its termination of trading, shall be exercised automatically upon expiration, in the absence of contrary instructions. Such contrary instructions must be delivered to the Clearing House, by the clearing member representing the buyer of such option, no later than 5:30 p.m. (or such other time as may be designated by the Exchange) on the last day of trading in such option (Rule 20A01.I).

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 20A01.D.) on the last day of trading in such option (Rules 20A01.I.) lies strictly above such option's exercise price, and shall be out of the money if such daily settlement price is at or below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

2. Monday Weekly Options

An option that has not been liquidated or exercised prior to its termination of trading (according to Rule 20A01.I.3.) shall be exercised automatically by the Clearing House if such option expires in the money. Such option shall be abandoned automatically by the Clearing House if it expires out of the money. For the avoidance of doubt, no such option that expires in the money shall be abandoned, and no such option that expires out of the money shall be exercised.

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 20A01.D.) on the last day of trading in such option (Rules 20A01.I.) is at or above such option's exercise price, and shall be out of the money if such daily settlement price lies strictly below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

2 3 . Wednesday Weekly Options

An option that has not been liquidated or exercised prior to its termination of trading (according to Rule 20A01.I.4) shall be exercised automatically by the Clearing House if such option expires in the money. Such option shall be abandoned automatically by the Clearing House if it expires out of the money. For the avoidance of doubt, no such option that expires in the money shall be abandoned, and no such option that expires out of the money shall be exercised.

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 20A01.D.) on the last day of trading in such option (Rules 20A01.I.) is at or above such option's exercise price, and shall be out of the money if such daily settlement price lies strictly below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

20A02.B. Assignment

For any given option contract, an exercise notice accepted by the Clearing House (in accord with Rule 20A02.A.) shall be assigned by the Clearing House through a process of random selection of clearing members carrying open short positions in such option contract. A clearing member to whom such exercise notice has been assigned shall be notified thereof as soon as practicable following such assignment.

The clearing member to whom such exercise notice has been assigned shall be assigned a short position in such option's Underlying Futures Contract (Rules 20A01.D.) if such option is a call, or a long position in such option's Underlying Futures Contract if such option is a put. The clearing member representing the option buyer making exercise shall be assigned a long position in such option's Underlying Futures Contract if such option is a call, or a short position in such option's Underlying Futures Contract if such option is a put.

Such futures positions shall be assigned at a price equal to the exercise price of such option contract, and shall be marked to market (in accordance with Rule 814) on the day on which the Clearing House accepts such exercise notice.

20A03. [RESERVED]

20A04. [RESERVED]

20A05. PAYMENT OF OPTION PREMIUM

In respect of the purchase of an option, the corresponding option premium shall be paid in full to the Clearing House by the option purchaser's clearing member, and shall be paid in full to the option purchaser's futures commission merchant by the option purchaser, at the time that such option is purchased, or within a reasonable time after such option is purchased.

Chapter 19A

Options on U.S. Treasury Note Futures (6 ½ to 7 ¾ Year)

19A00. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on U.S. Treasury Note futures (6 ½ to 7 ¾ Year). In addition to the rules of this chapter, transactions in such options shall be subject to the general rules of the Exchange insofar as applicable.

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

19A01. OPTIONS CHARACTERISTICS

19A01.A. Contract Expiration Dates and Trading Hours

Options shall be listed for expiration on such dates as may be determined by the Exchange, subject to Rules 19A01.D. and Rules 19A01.I.

Options shall be scheduled for trading during such hours as may be determined by the Exchange. Without limitation to the foregoing, markets in all options on U.S. Treasury Note futures (6 ½ to 7 ¾ Year) futures generally shall be opened or closed simultaneously.

1. All Options Excluding **Monday Weekly Options and** Wednesday Weekly Options

On its last day of trading, an expiring option shall cease trading at the same time as the close of trading on that day in such option's Underlying Futures Contract (in accord with Rules 19A01.I.).

2. Monday Weekly Options

On its last day of trading, an expiring Monday Weekly option shall cease trading at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract (in accord with Rules 19A01.I.).

2.3. Wednesday Weekly Options

On its last day of trading, an expiring Wednesday Weekly option shall cease trading at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract (in accord with Rules 19A01.I.).

19A01.B. Trading Unit

The trading unit shall be an option to buy in the case of a call, or to sell in the case of a put, one U.S. Treasury Note futures (6 ½ to 7 ¾ Year) futures contract for a given delivery month (Chapter 19).

19A01.C. Minimum Fluctuations

The price of an option shall be in price points of such option's Underlying Futures Contract (Rule 19A01.D.), such that for each Underlying Futures Contract par is on the basis of 100 points, and each point is equal to \$1,000 per Underlying Futures Contract (Rule 19102.C.).

The minimum price fluctuation for such option shall be one sixty-fourth (1/64th) of one point (equal to \$15.625 per option contract), *provided that* a position in such option may be initiated or liquidated at any price level ranging from \$1.00 to \$15.00 per option contract, in \$1.00 increments, unless otherwise specified in the current CBOT Market Regulation Advisory Notice entitled Cabinet Transactions in Options Products.

Where the price of such option is quoted in volatility terms, the minimum price fluctuation shall be one tenth (1/10th) of one percent per annum (e.g., 9.9 percent, 10.0 percent, 10.1 percent, 10.2 percent).

19A01.D. Underlying Futures Contracts

1. Options in the March Quarterly Cycle ("Quarterly Options")

For any option for which the named month of expiration is in the March quarterly cycle (i.e., March, June, September, or December), the Underlying Futures Contract shall be U.S. Treasury Note futures (6 ½ to 7 ¾ Year) futures for delivery in the same month as such option's named month of expiration. For example, for a given year, U.S. Treasury Note futures (6 ½ to 7 ¾ Year) for delivery in March shall be the Underlying Futures Contract for a March option.

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

For any option for which the named month of expiration is not in the March quarterly cycle, (i.e., January, February, April, May, July, August, October, or November), the Underlying Futures Contract shall be U.S. Treasury Note futures (6 ½ to 7 ¾ Year) futures for delivery in the March quarterly cycle month next following such option's named month of expiration. For example, for a given year, U.S. Treasury Note futures (6 ½ to 7 ¾ Year) futures for delivery in March shall be the Underlying Futures Contract for a January option and for a February option.

3. Weekly Options

A weekly option shall be designated to expire on a given Friday, *provided that* no weekly option shall expire on any Friday that is also the scheduled last day of trading in a quarterly option (Rule 19A01.D.1.) or a serial option (Rule 19A01.D.2.). For any weekly option, the Underlying Futures Contract shall be U.S. Treasury Note futures (6 ½ to 7 ¾ Year) futures for delivery in a March quarterly cycle month following such option's date of expiration, as designated by the Exchange when such weekly option is listed for trading.

For an Underlying Futures Contract for a given delivery month, all weekly options shall expire prior to the expiration of quarterly options (Rule 19A01.D.1. and Rule 19A01.I.1.).

4. Monday Weekly Options

For any Monday Weekly option, the Underlying Futures Contract shall be U.S. Treasury Note futures (6 ½ to 7 ¾ Year) futures for delivery in a March quarterly cycle month following such option's date of expiration, as designated by the Exchange when such Monday Weekly option is listed for trading. For an Underlying Futures Contract for a given delivery month, all Monday Weekly options shall expire prior to the expiration of quarterly options (Rule 19A01.D.1. and Rule 19A01.I.1.).

4.5. Wednesday Weekly Options

For any Wednesday Weekly option, the Underlying Futures Contract shall be U.S. Treasury Note futures (6 ½ to 7 ¾ Year) futures for delivery in a March quarterly cycle month following such option's date of expiration, as designated by the Exchange when such Wednesday Weekly option is listed for trading. For an Underlying Futures Contract for a given delivery month, all Wednesday Weekly options shall expire prior to the expiration of quarterly options (Rule 19A01.D.1. and Rule 19A01.I.1.).

19A01.E. Exercise Prices

1. One Half (1/2) of One (1) Point Exercise Prices

Option exercise prices shall be in terms of U.S. Treasury Note futures (6 ½ to 7 ¾ Year) futures price points (Rule 19102.C.) and shall be in integer multiples of one half (1/2) of one (1) point (Rule 19A01.C.). At the commencement of trading in option contracts for a given expiration date, 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 ("at-the-money price" or "ATM price"). If the previous day's Underlying Futures Contract settlement price is midway between two eligible option exercise price levels, then the ATM price shall be set as the higher of the two eligible exercise price levels.

The Exchange also shall list Quarterly put and call options and Serial put and call options for trading at all eligible exercise price levels in a range of 25 points above and 25 points below (i.e., 50 exercise price levels above and 50 exercise price levels below) the ATM exercise price, and shall list Weekly put and call options, Monday Weekly put and call options, and Wednesday Weekly put and call options for trading at all eligible exercise price levels in a range of 12 1/2 points above and 12 1/2 points below (i.e., 25 exercise price levels above and 25 exercise price levels below) the ATM exercise price.

Thereafter, the Exchange shall add new put and call options to ensure that such Quarterly and Serial options are listed for trading at all eligible exercise prices in a range of at least 25 points above and at least 25 points below, and that such Weekly, Monday Weekly, and Wednesday Weekly options are listed for trading at all eligible exercise prices in a range of at least 12 1/2 points above and at least 12 1/2 points below, the ATM exercise price level that is set with reference to the most recent Underlying Futures Contract settlement price.

New options may be listed for trading up to and including the termination of trading in such options. Upon demand and at the discretion of the Exchange, a new option contract with an out-of-current-range exercise price may be added, on an as-soon-as-possible basis, provided that the exercise price of such newly added option contract must be an integer multiple of one half (1/2) of one (1) price point (Rule 19A01.C.). The Exchange may modify the procedure for the introduction of exercise prices as it deems appropriate.

2. Special Listings of One Quarter (1/4) of One Point Exercise Prices

At any given time, the Exchange shall ensure that options are listed for trading at exercise prices that are in terms of U.S. Treasury Note futures (6 ½ to 7 ¾ Year) futures price points (Rule 19102.C.) and shall be in integer multiples of one quarter (1/4) of one (1) point for (i) all Weekly Options and (ii) the nearest expiring Serial or Quarterly Options (Rule 19A01.C.). For any Weekly, Serial or Quarterly Options with exercise price levels in integer multiples of one quarter (1/4) of one (1) point, the Exchange shall add new put and call options in integer multiples of one quarter (1/4) of one (1) price point in a range of at least 3 points above and at least 3 points below (i.e. 6 additional exercise price levels above and 6 additional exercise prices below) the ATM exercise price level that is set with reference to the most recent Underlying Futures Contract settlement price.

19A01.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.

19A01.G. Nature of Options

The buyer of a put option may exercise such option at any time prior to expiration (subject to Rule 19A02.A.) to assume a short position in one Underlying Futures Contract (Rule 19A01.D.) at such option's exercise price (Rule 19A01.E.). Upon exercise by a put option buyer, the seller of such option shall incur the obligation to assume a long position in one Underlying Futures Contract at such option's exercise price.

The buyer of a call option may exercise such option at any time prior to expiration (subject to Rule 19A02.A.) to assume a long position in one Underlying Futures Contract (Rule 19A01.D.) at such option's exercise price (Rule 19A01.E.). Upon exercise by a call option buyer, the seller of such option shall incur the obligation to assume a short position in one Underlying Futures Contract at such option's exercise price.

19A01.H. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

19A01.I. Termination of Trading

For any expiring option, if the market in such option's Underlying Futures Contract (Rule 19A01.D.) does not open on the scheduled last day of trading in such option, then the termination of trading in such option shall occur on the next following day on which the market in such option's Underlying Futures Contract is open for trading.

1. Quarterly Options and Serial Options

For a given expiring quarterly option contract (Rule 19A01.D.1.) or serial option contract (Rule 19A01.D.2.), if the Friday that precedes by one business day the last business day of the calendar month preceding such option's named month of expiration is not a business day, then the last day of trading shall be the first business day prior to such Friday.

Otherwise, the last day of trading in such option shall be the last Friday that precedes by at least two business days the last business day of the calendar month preceding such option's named month of expiration.

On its last day of trading, trading in such option shall terminate at the close of trading in such option's Underlying Futures Contract.

2. Weekly Options

For a given weekly option contract, the last day of trading shall be the Friday on which such option is designated to expire (Rule 19A01.D.3.). If such Friday is not a business day, then the last day of trading in such option shall be the business day next preceding such Friday.

On its last day of trading, trading in such option shall terminate at the close of trading in such option's Underlying Futures Contract.

3. Monday Weekly Options

For a given Monday Weekly option contract, the last day of trading shall be the Monday on which such option is designated to expire (Rule 19A01.D.4.). If such Monday is not a business day, then the last day of trading in such option shall be the first business day following such Monday. On its last day of trading, trading in such options shall terminate at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract.

3 4. Wednesday Weekly Options

For a given Wednesday Weekly option contract, the last day of trading shall be the Wednesday on which such option is designated to expire (Rule 19A01.D.5.). If such Wednesday is not a business day, then the last day of trading in such option shall be the first business day preceding such Wednesday. On its last day of trading, trading in such options shall terminate at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract.

19A01.J. Contract Modification

Contract terms for any option shall be fixed when such option is initially listed for trading, *provided that* any such option must conform to government regulations that are in force at such time as such option may be exercised. If the U.S. government, or an agency or duly constituted body thereof, issues an order, ruling, directive, or law inconsistent with these rules, then such order, ruling, directive, or law shall be construed to become part of the rules, and all open and new option contracts shall be subject to such order, ruling, directive, or law.

19A02. EXERCISE AND ASSIGNMENT

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

19A02.A. Exercise

An option may be exercised by the buyer on any business day that such option is traded. To exercise such option, the clearing member representing the option buyer shall present an exercise notice to the Clearing House by 5:30 p.m., or by such other time as the Exchange may designate, on the day of exercise.

1. All Options Excluding **Monday Weekly Options and** Wednesday Weekly Options

2.

An unexercised option shall expire at 5:30 p.m. on the last day of trading in such option (Rule 19A01.I).

An option that is in the money, and that has not been liquidated or exercised prior to its termination of trading, shall be exercised automatically upon expiration, in the absence of contrary instructions. Such contrary instructions must be delivered to the Clearing House, by the clearing member representing the buyer of such option, no later than 5:30 p.m. (or such other time as may be designated by the Exchange) on the last day of trading in such option (Rule 19A01.I).

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 19A01.D.) on the last day of trading in such option (Rules 19A01.I.) lies strictly above such option's exercise price, and shall be out of the money if such daily settlement price is at or below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

2. Monday Weekly Options

An option that has not been liquidated or exercised prior to its termination of trading (according to Rule 19A01.I.3.) shall be exercised automatically by the Clearing House if such option expires in the money. Such option shall be abandoned automatically by the Clearing House if it expires out of the money. For the avoidance of doubt, no such option that expires in the money shall be abandoned, and no such option that expires out of the money shall be exercised.

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 19A01.D.) on the last day of trading in such option (Rules 19A01.I.) is at or above such option's exercise price, and shall be out of the money if such daily settlement price lies strictly below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

2.3 . Wednesday Weekly Options

An option that has not been liquidated or exercised prior to its termination of trading (according to Rule 19A01.I.4.) shall be exercised automatically by the Clearing House if such option expires in the money. Such option shall be abandoned automatically by the Clearing House if it expires out of the money. For the avoidance of doubt, no such option that expires in the money shall be abandoned, and no such option that expires out of the money shall be exercised.

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 19A01.D.) on the last day of trading in such option (Rules 19A01.I.) is at or above such option's exercise price, and shall be out of the money if such daily settlement price lies strictly below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

19A02.B. Assignment

For any given option contract, an exercise notice accepted by the Clearing House (in accord with Rule 19A02.A.) shall be assigned by the Clearing House through a process of random selection of clearing members carrying open short positions in such option contract. A clearing member to whom such exercise notice has been assigned shall be notified thereof as soon as practicable following such assignment.

The clearing member to whom such exercise notice has been assigned shall be assigned a short position in such option's Underlying Futures Contract (Rules 19A01.D.) if such option is a call, or a long position in such option's Underlying Futures Contract if such option is a put. The clearing member representing the option buyer making exercise shall be assigned a long position in such option's Underlying Futures Contract if such option is a call, or a short position in such option's Underlying Futures Contract if such option is a put.

Such futures positions shall be assigned at a price equal to the exercise price of such option contract, and shall be marked to market (in accordance with Rule 814) on the day on which the Clearing House accepts such exercise notice.

19A03. [RESERVED]

19A04. [RESERVED]

19A05. PAYMENT OF OPTION PREMIUM

In respect of the purchase of an option, the corresponding option premium shall be paid in full to the Clearing House by the option purchaser's clearing member, and shall be paid in full to the option purchaser's futures commission merchant by the option purchaser, at the time that such option is purchased, or within a reasonable time after such option is purchased.

Chapter 26A

Options on Ultra 10-Year U.S. Treasury Note Futures

26A00. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on Ultra 10-Year U.S. Treasury Note futures. In addition to the rules of this chapter, transactions in such options shall be subject to the general rules of the Exchange insofar as applicable.

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

26A01. OPTIONS CHARACTERISTICS

26A01.A. Contract Expiration Dates and Trading Hours

Options shall be listed for expiration on such dates as may be determined by the Exchange, subject to Rules 26A01.D. and Rules 26A01.I.

Options shall be scheduled for trading during such hours as may be determined by the Exchange. Without limitation to the foregoing, markets in all options on Ultra 10-Year U.S. Treasury Note futures generally shall be opened or closed simultaneously.

1. All Options Excluding **Monday Weekly Options and** Wednesday Weekly Options

On its last day of trading, an expiring option shall cease trading at the same time as the close of trading on that day in such option's Underlying Futures Contract (in accord with Rules 26A01.I.).

2. Monday Weekly Options

On its last day of trading, an expiring Monday Weekly option shall cease trading at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract (in accord with Rules 26A01.I.).

~~2~~ **3.** Wednesday Weekly Options

On its last day of trading, an expiring Wednesday Weekly option shall cease trading at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract (in accord with Rules 26A01.I.).

26A01.B. Trading Unit

The trading unit shall be an option to buy in the case of a call, or to sell in the case of a put, one Ultra 10-Year U.S. Treasury Note futures contract for a given delivery month (Chapter 26).

26A01.C. Minimum Fluctuations

The price of an option shall be in price points of such option's Underlying Futures Contract (Rule 26A01.D.), such that for each Underlying Futures Contract par is on the basis of 100 points, and each point is equal to \$1,000 per Underlying Futures Contract (Rule 26102.C.).

The minimum price fluctuation for such option shall be one sixty-fourth (1/64th) of one point (equal to \$15.625 per option contract), *provided that* a position in such option may be initiated or liquidated at any price level ranging from \$1.00 to \$15.00 per option contract, in \$1.00 increments, unless otherwise specified in the current CBOT Market Regulation Advisory Notice entitled Cabinet Transactions in Options Products.

Where the price of such option is quoted in volatility terms, the minimum price fluctuation shall be one tenth (1/10th) of one percent per annum (e.g., 9.9 percent, 10.0 percent, 10.1 percent, 10.2 percent).

26A01.D. Underlying Futures Contracts

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

For any option for which the named month of expiration is in the March quarterly cycle (i.e., March, June, September, or December), the Underlying Futures Contract shall be Ultra 10-Year U.S. Treasury Note futures for delivery in the same month as such option’s named month of expiration. For example, for a given year, Ultra 10-Year U.S. Treasury Note futures for delivery in March shall be the Underlying Futures Contract for a March option.

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

For any option for which the named month of expiration is not in the March quarterly cycle, (i.e., January, February, April, May, July, August, October, or November), the Underlying Futures Contract shall be Ultra 10-Year U.S. Treasury Note futures for delivery in the March quarterly cycle month next following such option’s named month of expiration. For example, for a given year, Ultra 10-Year U.S. Treasury Note futures for delivery in March shall be the Underlying Futures Contract for a January option and for a February option.

3. Weekly Options

A weekly option shall be designated to expire on a given Friday, *provided that* no weekly option shall expire on any Friday that is also the scheduled last day of trading in a quarterly option (Rule 26A01.D.1.) or a serial option (Rule 26A01.D.2.). For any weekly option, the Underlying Futures Contract shall be Ultra 10-Year U.S. Treasury Note futures for delivery in a March quarterly cycle month following such option’s date of expiration, as designated by the Exchange when such weekly option is listed for trading.

For an Underlying Futures Contract for a given delivery month, all weekly options shall expire prior to the expiration of quarterly options (Rule 26A01.D.1. and Rule 26A01.I.1.).

4. Monday Weekly Options

For any Monday Weekly option, the Underlying Futures Contract shall be Ultra 10-Year U.S. Treasury Note futures for delivery in a March quarterly cycle month following such option’s date of expiration, as designated by the Exchange when such Monday Weekly option is listed for trading. For an Underlying Futures Contract for a given delivery month, all Monday Weekly options shall expire prior to the expiration of quarterly options (Rule 26A01.D.1. and Rule 26A01.I.1.).

4.5. Wednesday Weekly Options

For any Wednesday Weekly option, the Underlying Futures Contract shall be Ultra 10-Year U.S. Treasury Note futures for delivery in a March quarterly cycle month following such option’s date of expiration, as designated by the Exchange when such Wednesday Weekly option is listed for trading. For an Underlying Futures Contract for a given delivery month, all Wednesday Weekly options shall expire prior to the expiration of quarterly options (Rule 26A01.D.1. and Rule 26A01.I.1.).

26A01.E. Exercise Prices

1. One Half (1/2) of One (1) Point Exercise Prices

Option exercise prices shall be in terms of U.S. Treasury Note futures price points (Rule 26102.C.) and shall be in integer multiples of one half (1/2) of one (1) point (Rule 26A01.C.). At the commencement of trading in option contracts for a given expiration date, 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 (“at-the-money price” or “ATM price”). If the previous day’s Underlying Futures Contract settlement price is midway between two eligible option exercise price levels, then the ATM price shall be set as the higher of the two eligible exercise price levels.

The Exchange also shall list Quarterly put and call options and Serial put and call options for trading at all eligible exercise price levels in a range of 25 points above and 25 points below (i.e., 50 exercise price levels above and 50 exercise price levels below) the ATM exercise price, and shall list Weekly put and call options, **Monday Weekly put and call options**, and Wednesday Weekly put and call options for trading at all eligible exercise price levels in a range of 15 points above and 15 points below (i.e., 30 exercise price levels above and 30 exercise price levels below) the ATM exercise price.

Thereafter, the Exchange shall add new put and call options to ensure that such Quarterly and Serial options are listed for trading at all eligible exercise prices in a range of at least 25 points above and at least 25 points below, and that such Weekly, **Monday Weekly**, and Wednesday Weekly options are listed for trading at all eligible exercise prices in a range of at least 15 points above and at least 15 points below,

the ATM exercise price level that is set with reference to the most recent Underlying Futures Contract settlement price.

New options may be listed for trading up to and including the termination of trading in such options. Upon demand and at the discretion of the Exchange, a new option contract with an out-of-current-range exercise price may be added, on an as-soon-as-possible basis, provided that the exercise price of such newly added option contract must be an integer multiple of one half (1/2) of one (1) price point (Rule 26A01.C.). The Exchange may modify the procedure for the introduction of exercise prices as it deems appropriate.

2. Special Listings of One Quarter (1/4) of One Point Exercise Prices

At any given time, the Exchange shall ensure that options are listed for trading at exercise prices that are in terms of Ultra 10-Year U.S. Treasury Note futures price points (Rule 26102.C.) and shall be in integer multiples of one quarter (1/4) of one (1) point for (i) all Weekly Options and (ii) the nearest expiring Serial or Quarterly Options (Rule 26A01.C.). For any Weekly, Serial or Quarterly Options with exercise price levels in integer multiples of one quarter (1/4) of one (1) point, the Exchange shall add new put and call options in integer multiples of one quarter (1/4) of one (1) price point in a range of at least 3 points above and at least 3 points below (i.e. 6 additional exercise price levels above and 6 additional exercise prices below) the ATM exercise price level that is set with reference to the most recent Underlying Futures Contract settlement price.

26A01.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.

26A01.G. Nature of Options

The buyer of a put option may exercise such option at any time prior to expiration (subject to Rule 26A02.A.) to assume a short position in one Underlying Futures Contract (Rule 26A01.D.) at such option's exercise price (Rule 26A01.E.). Upon exercise by a put option buyer, the seller of such option shall incur the obligation to assume a long position in one Underlying Futures Contract at such option's exercise price.

The buyer of a call option may exercise such option at any time prior to expiration (subject to Rule 26A02.A.) to assume a long position in one Underlying Futures Contract (Rule 26A01.D.) at such option's exercise price (Rule 26A01.E.). Upon exercise by a call option buyer, the seller of such option shall incur the obligation to assume a short position in one Underlying Futures Contract at such option's exercise price.

26A01.H. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

26A01.I. Termination of Trading

For any expiring option, if the market in such option's Underlying Futures Contract (Rule 26A01.D.) does not open on the scheduled last day of trading in such option, then the termination of trading in such option shall occur on the next following day on which the market in such option's Underlying Futures Contract is open for trading.

1. Quarterly Options and Serial Options

For a given expiring quarterly option contract (Rule 26A01.D.1.) or serial option contract (Rule 26A01.D.2.), if the Friday that precedes by one business day the last business day of the calendar month preceding such option's named month of expiration is not a business day, then the last day of trading shall be the first business day prior to such Friday.

Otherwise, the last day of trading in such option shall be the last Friday that precedes by at least two business days the last business day of the calendar month preceding such option's named month of expiration.

On its last day of trading, trading in such option shall terminate at the close of trading in such option's Underlying Futures Contract.

2. Weekly Options

For a given weekly option contract, the last day of trading shall be the Friday on which such option is designated to expire (Rule 26A01.D.3.). If such Friday is not a business day, then the last day of trading in such option shall be the business day next preceding such Friday.

On its last day of trading, trading in such option shall terminate at the close of trading in such option's Underlying Futures Contract.

3. Monday Weekly Options

For a given Monday Weekly option contract, the last day of trading shall be the Monday on which such option is designated to expire (Rule 26A01.D.4.). If such Monday is not a business day, then the last day of trading in such option shall be the first business day following such Monday. On its last day of trading, trading in such options shall terminate at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract.

4. Wednesday Weekly Options

For a given Wednesday Weekly option contract, the last day of trading shall be the Wednesday on which such option is designated to expire (Rule 26A01.D.5). If such Wednesday is not a business day, then the last day of trading in such option shall be the first business day preceding such Wednesday. On its last day of trading, trading in such options shall terminate at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract.

26A01.J. Contract Modification

Contract terms for any option shall be fixed when such option is initially listed for trading, *provided that* any such option must conform to government regulations that are in force at such time as such option may be exercised. If the U.S. government, or an agency or duly constituted body thereof, issues an order, ruling, directive, or law inconsistent with these rules, then such order, ruling, directive, or law shall be construed to become part of the rules, and all open and new option contracts shall be subject to such order, ruling, directive, or law.

26A02. EXERCISE AND ASSIGNMENT

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

26A02.A. Exercise

An option may be exercised by the buyer on any business day that such option is traded. To exercise such option, the Clearing member representing the option buyer shall present an exercise notice to the Clearing House by 5:30 p.m., or by such other time as the Exchange may designate, on the day of exercise.

1. All Options Excluding **Monday Weekly Options and** Wednesday Weekly Options

An unexercised option shall expire at 5:30 p.m. on the last day of trading in such option (Rule 26A01.I.).

An option that is in the money, and that has not been liquidated or exercised prior to its termination of trading, shall be exercised automatically upon expiration, in the absence of contrary instructions. Such contrary instructions must be delivered to the Clearing House, by the Clearing Member representing the buyer of such option, no later than 5:30 p.m. (or such other time as may be designated by the Exchange) on the last day of trading in such option (Rule 26A01.I.).

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 26A01.D.) on the last day of trading in such option (Rules 26A01.I.) lies strictly above such option's exercise price, and shall be out of the money if such daily settlement price is at or below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

2. Monday Weekly Options

An option that has not been liquidated or exercised prior to its termination of trading (according to Rule 26A01.I.3.) shall be exercised automatically by the Clearing House if such option expires in the money. Such option shall be abandoned automatically by the Clearing House if it expires out of the money. For the avoidance of doubt, no such option that expires in the money shall be abandoned, and no such option that expires out of the money shall be exercised.

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 26A01.D.) on the last day of trading in such option (Rules 26A01.I.) is at or above such option's exercise price, and shall be out of the money if such daily settlement price lies strictly below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

23 . Wednesday Weekly Options

An option that has not been liquidated or exercised prior to its termination of trading (according to Rule 26A01.I.4.) shall be exercised automatically by the Clearing House if such option expires in the money. Such option shall be abandoned automatically by the Clearing House if it expires out of the money. For the avoidance of doubt, no such option that expires in the money shall be abandoned, and no such option that expires out of the money shall be exercised.

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 26A01.D.) on the last day of trading in such option (Rules 26A01.I.) is at or above such option's exercise price, and shall be out of the money if such daily settlement price lies strictly below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

26A02.B. Assignment

For any given option contract, an exercise notice accepted by the Clearing House (in accord with Rule 26A02.A.) shall be assigned by the Clearing House through a process of random selection of Clearing Members carrying open short positions in such option contract. A Clearing Member to whom such exercise notice has been assigned shall be notified thereof as soon as practicable following such assignment.

The Clearing Member to whom such exercise notice has been assigned shall be assigned a short position in such option's Underlying Futures Contract (Rules 26A01.D.) if such option is a call, or a long position in such option's Underlying Futures Contract if such option is a put. The Clearing Member representing the option buyer making exercise shall be assigned a long position in such option's Underlying Futures Contract if such option is a call, or a short position in such option's Underlying Futures Contract if such option is a put.

Such futures positions shall be assigned at a price equal to the exercise price of such option contract, and shall be marked to market (in accordance with Rule 814) on the day on which the Clearing House accepts such exercise notice.

26A03. [RESERVED]

26A04. [RESERVED]

26A05. PAYMENT OF OPTION PREMIUM

In respect of the purchase of an option, the corresponding option premium shall be paid in full to the Clearing House by the option purchaser's Clearing Member, and shall be paid in full to the option purchaser's futures commission merchant by the option purchaser, at the time that such option is purchased, or within a reasonable time after such option is purchased.

Chapter 18A Options on U.S. Treasury Bond Futures

18A00. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on U.S. Treasury Bond futures. In addition to the rules of this chapter, transactions in such options shall be subject to the general rules of the Exchange insofar as applicable.

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

18A01. OPTIONS CHARACTERISTICS

18A01.A. Contract Expiration Dates and Trading Hours

Options shall be listed for expiration on such dates as may be determined by the Exchange, subject to Rules 18A01.D. and Rules 18A01.I.

Options shall be scheduled for trading during such hours as may be determined by the Exchange. Without limitation to the foregoing, markets in all options on U.S. Treasury Bond futures generally shall be opened or closed simultaneously.

1. All Options Excluding Monday Weekly Options and Wednesday Weekly Options

On its last day of trading, an expiring option shall cease trading at the same time as the close of trading on that day in such option's Underlying Futures Contract (in accord with Rules 18A01.I.).

2. Monday Weekly Options

On its last day of trading, an expiring Monday Weekly option shall cease trading at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract (in accord with Rules 18A01.I.).

2.3. Wednesday Weekly Options

On its last day of trading, an expiring Wednesday Weekly option shall cease trading at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract (in accord with Rules 18A01.I.).

18A01.B. Trading Unit

The trading unit shall be an option to buy in the case of a call, or to sell in the case of a put, one U.S. Treasury Bond futures contract for a given delivery month (Chapter 18).

18A01.C. Minimum Fluctuations

The price of an option shall be in price points of such option's Underlying Futures Contract (Rule 18A01.D.), such that for each Underlying Futures Contract par is on the basis of 100 points, and each point is equal to \$1,000 per Underlying Futures Contract (Rule 18102.C.).

The minimum price fluctuation for such option shall be one sixty-fourth (1/64th) of one point (equal to \$15.625 per option contract), *provided that* a position in such option may be initiated or liquidated at any price level ranging from \$1.00 to \$15.00 per option contract, in \$1.00 increments, unless otherwise specified in the current CBOT Market Regulation Advisory Notice entitled Cabinet Transactions in Options Products.

Where the price of such option is quoted in volatility terms, the minimum price fluctuation shall be one tenth (1/10th) of one percent per annum (e.g., 9.9 percent, 10.0 percent, 10.1 percent, 10.2 percent).

18A01.D. Underlying Futures Contracts

1. Options in the March Quarterly Cycle ("Quarterly Options")

For any option for which the named month of expiration is in the March quarterly cycle (i.e., March, June, September, or December), the Underlying Futures Contract shall be U.S. Treasury Bond futures for delivery in the same month as such option's named month of expiration. For example, for a given year, U.S. Treasury bond futures for delivery in March shall be the Underlying Futures Contract for a March option.

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

For any option for which the named month of expiration is not in the March quarterly cycle, (i.e., January, February, April, May, July, August, October, or November), the Underlying Futures Contract shall be U.S. Treasury Bond futures for delivery in the March quarterly cycle month next following such option's named month of expiration. For example, for a given year, U.S. Treasury Bond futures for delivery in March shall be the Underlying Futures Contract for a January option and for a February option.

3. Weekly Options

A weekly option shall be designated to expire on a given Friday, *provided that* no weekly option shall expire on any Friday that is also the scheduled last day of trading in a quarterly option (Rule 18A01.D.1.) or a serial option (Rule 18A01.D.2.). For any weekly option, the Underlying Futures Contract shall be

U.S. Treasury Bond futures for delivery in a March quarterly cycle month following such option's date of expiration, as designated by the Exchange when such weekly option is listed for trading.

For an Underlying Futures Contract for a given delivery month, all weekly options shall expire prior to the expiration of quarterly options (Rule 18A01.D.1. and Rule 18A01.I.1.).

4. Monday Weekly Options

For any Monday Weekly option, the Underlying Futures Contract shall be U.S. Treasury Bond futures for delivery in a March quarterly cycle month following such option's date of expiration, as designated by the Exchange when such Monday Weekly option is listed for trading. For an Underlying Futures Contract for a given delivery month, all Monday Weekly options shall expire prior to the expiration of quarterly options (Rule 18A01.D.1. and Rule 18A01.I.1.).

4 5. Wednesday Weekly Options

For any Wednesday Weekly option, the Underlying Futures Contract shall be U.S. Treasury Bond futures for delivery in a March quarterly cycle month following such option's date of expiration, as designated by the Exchange when such Wednesday Weekly option is listed for trading. For an Underlying Futures Contract for a given delivery month, all Wednesday Weekly options shall expire prior to the expiration of quarterly options (Rule 18A01.D.1. and Rule 18A01.I.1.).

1. One (1) Point Exercise Prices

Option exercise prices shall be in terms of U.S. Treasury Bond futures price points (Rule 18102.C.) and shall be in integer multiples of one (1) point (Rule 18A01.C.). At the commencement of trading in option contracts for a given expiration date, 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 ("at-the-money price" or "ATM price"). If the previous day's Underlying Futures Contract settlement price is midway between two eligible option exercise price levels, then the ATM price shall be set as the higher of the two eligible exercise price levels.

The Exchange also shall list Quarterly put and call options and Serial put and call options for trading at all eligible exercise price levels in a range of 30 points above and 30 points below (i.e., 30 exercise price levels above and 30 exercise price levels below) the ATM exercise price, and shall list Weekly put and call options, **Monday Weekly put and call options**, and Wednesday Weekly put and call options for trading at all eligible exercise price levels in a range of 20 points above and 20 points below (i.e., 20 exercise price levels above and 20 exercise price levels below) the ATM exercise price.

Thereafter, the Exchange shall add new put and call options to ensure that such Quarterly and Serial options are listed for trading at all eligible exercise prices in a range of at least 30 points above and at least 30 points below, and that such Weekly, **Monday Weekly**, and Wednesday Weekly options are listed for trading at all eligible exercise prices in a range of at least 20 points above and at least 20 points below, the ATM exercise price level that is set with reference to the most recent Underlying Futures Contract settlement price. New options may be listed for trading up to and including the termination of trading in such options. Upon demand and at the discretion of the Exchange, a new option contract with an out-of-current-range exercise price may be added, on an as-soon-as-possible basis, provided that the exercise price of such newly added option contract must be an integer multiple of one (1) price point (Rule 18A01.C.).

The Exchange may modify the procedure for the introduction of exercise prices as it deems appropriate.

18A01.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.

18A01.G. Nature of Options

The buyer of a put option may exercise such option at any time prior to expiration (subject to Rule 18A02.A.) to assume a short position in one Underlying Futures Contract (Rule 18A01.D.) at such option's exercise price (Rule 18A01.E.). Upon exercise by a put option buyer, the seller of such option shall incur the obligation to assume a long position in one Underlying Futures Contract at such option's exercise price.

The buyer of a call option may exercise such option at any time prior to expiration (subject to Rule 18A02.A.) to assume a long position in one Underlying Futures Contract (Rule 18A01.D.) at such option's exercise price (Rule 18A01.E.). Upon exercise by a call option buyer, the seller of such option shall incur the obligation to assume a short position in one Underlying Futures Contract at such option's exercise price.

18A01.H. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

18A01.I. Termination of Trading

For any expiring option, if the market in such option's Underlying Futures Contract (Rule 18A01.D.) does not open on the scheduled last day of trading in such option, then the termination of trading in such option shall occur on the next following day on which the market in such option's Underlying Futures Contract is open for trading.

1. Quarterly Options and Serial Options

For a given expiring quarterly option contract (Rule 18A01.D.1.) or serial option contract (Rule 18A01.D.2.), if the Friday that precedes by one business day the last business day of the calendar month preceding such option's named month of expiration is not a business day, then the last day of trading shall be the first business day prior to such Friday.

Otherwise, the last day of trading in such option shall be the last Friday that precedes by at least two business days the last business day of the calendar month preceding such option's named month of expiration.

On its last day of trading, trading in such option shall terminate at the close of trading in such option's Underlying Futures Contract.

2. Weekly Options

For a given weekly option contract, the last day of trading shall be the Friday on which such option is designated to expire (Rule 18A01.D.3.). If such Friday is not a business day, then the last day of trading in such option shall be the business day next preceding such Friday.

On its last day of trading, trading in such option shall terminate at the close of trading in such option's Underlying Futures Contract.

3. Monday Weekly Options

For a given Monday Weekly option contract, the last day of trading shall be the Monday on which such option is designated to expire (Rule 18A01.D.4.). If such Monday is not a business day, then the last day of trading in such option shall be the first business day following such Monday. On its last day of trading, trading in such options shall terminate at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract.

3 4. Wednesday Weekly Options

For a given Wednesday Weekly option contract, the last day of trading shall be the Wednesday on which such option is designated to expire (Rule 18A01.D.5.). If such Wednesday is not a business day, then the last day of trading in such option shall be the first business day preceding such Wednesday. On its last day of trading, trading in such options shall terminate at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract.

18A01.J. Contract Modification

Contract terms for any option shall be fixed when such option is initially listed for trading, *provided that* any such option must conform to government regulations that are in force at such time as such option may be exercised. If the U.S. government, or an agency or duly constituted body thereof, issues an order, ruling, directive, or law inconsistent with these rules, then such order, ruling, directive, or law shall be construed to become part of the rules, and all open and new option contracts shall be subject to such order, ruling, directive, or law.

18A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements in Chapter 7, the following shall apply to the

exercise and assignment of options.

18A02.A. Exercise

An option may be exercised by the buyer on any business day that such option is traded. To exercise such option, the clearing member representing the option buyer shall present an exercise notice to the Clearing House by 5:30 p.m., or by such other time as the Exchange may designate, on the day of exercise.

1. All Options Excluding Monday Weekly Options and Wednesday Weekly Options

An unexercised option shall expire at 5:30 p.m. on the last day of trading in such option (Rule 18A01.I).

An option that is in the money, and that has not been liquidated or exercised prior to its termination of trading, shall be exercised automatically upon expiration, in the absence of contrary instructions. Such contrary instructions must be delivered to the Clearing House, by the clearing member representing the buyer of such option, no later than 5:30 p.m. (or such other time as may be designated by the Exchange) on the last day of trading in such option (Rule 18A01.I).

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 18A01.D.) on the last day of trading in such option (Rules 18A01.I.) lies strictly above such option's exercise price, and shall be out of the money if such daily settlement price is at or below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

2. Monday Weekly Options

An option that has not been liquidated or exercised prior to its termination of trading (according to Rule 18A01.I.3.) shall be exercised automatically by the Clearing House if such option expires in the money. Such option shall be abandoned automatically by the Clearing House if it expires out of the money. For the avoidance of doubt, no such option that expires in the money shall be abandoned, and no such option that expires out of the money shall be exercised.

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 18A01.D.) on the last day of trading in such option (Rules 18A01.I.) is at or above such option's exercise price, and shall be out of the money if such daily settlement price lies strictly below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

2.3 . Wednesday Weekly Options

An option that has not been liquidated or exercised prior to its termination of trading (according to Rule 18A01.I.4.) shall be exercised automatically by the Clearing House if such option expires in the money. Such option shall be abandoned automatically by the Clearing House if it expires out of the money. For the avoidance of doubt, no such option that expires in the money shall be abandoned, and no such option that expires out of the money shall be exercised.

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 18A01.D.) on the last day of trading in such option (Rules 18A01.I.) is at or above such option's exercise price, and shall be out of the money if such daily settlement price lies strictly below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

18A02.B. Assignment

For any given option contract, an exercise notice accepted by the Clearing House (in accord with Rule 18A02.A.) shall be assigned by the Clearing House through a process of random selection of clearing members carrying open short positions in such option contract. A clearing member to whom such exercise notice has been assigned shall be notified thereof as soon as practicable following such assignment.

The clearing member to whom such exercise notice has been assigned shall be assigned a short position in such option's Underlying Futures Contract (Rules 18A01.D.) if such option is a call, or a long position in such option's Underlying Futures Contract if such option is a put. The clearing member representing the option buyer making exercise shall be assigned a long position in such option's Underlying Futures Contract if such option is a call, or a short position in such option's Underlying Futures Contract if such option is a put.

Such futures positions shall be assigned at a price equal to the exercise price of such option contract, and shall be marked to market (in accordance with Rule 814) on the day on which the Clearing House accepts such exercise notice.

18A03. [RESERVED]

18A04. [RESERVED]

18A05. PAYMENT OF OPTION PREMIUM

In respect of the purchase of an option, the corresponding option premium shall be paid in full to the Clearing House by the option purchaser's clearing member, and shall be paid in full to the option purchaser's futures commission merchant by the option purchaser, at the time that such option is purchased, or within a reasonable time after such option is purchased.

Chapter 40A Options on Ultra U.S. Treasury Bond Futures

40A00. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on Ultra U.S. Treasury Bond futures. In addition to the rules of this chapter, transactions in such options shall be subject to the general rules of the Exchange insofar as applicable.

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

40A01. OPTIONS CHARACTERISTICS

40A01.A. Contract Expiration Dates and Trading Hours

Options shall be listed for expiration on such dates as may be determined by the Exchange, subject to Rules 40A01.D. and Rules 40A01.I.

Options shall be scheduled for trading during such hours as may be determined by the Exchange. Without limitation to the foregoing, markets in all options on Ultra U.S. Treasury Bond futures generally shall be opened or closed simultaneously.

1. All Options Excluding **Monday Weekly Options and** Wednesday Weekly Options

On its last day of trading, an expiring option shall cease trading at the same time as the close of trading on that day in such option's Underlying Futures Contract (in accord with Rules 40A01.I.).

2. Monday Weekly Options

On its last day of trading, an expiring Monday Weekly option shall cease trading at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract (in accord with Rules 40A01.I.).

2.3. Wednesday Weekly Options

On its last day of trading, an expiring Wednesday Weekly option shall cease trading at the same time at which the

Exchange determines the settlement price for that day for such option's Underlying Futures Contract (in accord with Rules 40A01.I.).

40A01.B. Trading Unit

The trading unit shall be an option to buy in the case of a call, or to sell in the case of a put, one Ultra U.S. Treasury Bond futures contract for a given delivery month (Chapter 40).

40A01.C. Minimum Fluctuations

The price of an option shall be in price points of such option's Underlying Futures Contract (Rule 40A01.D.), such that for each Underlying Futures Contract par is on the basis of 100 points, and each point is equal to \$1,000 per Underlying Futures Contract (Rule 40102.C.).

The minimum price fluctuation for such option shall be one sixty-fourth ($1/64^{\text{th}}$) of one point (equal to \$15.625 per option contract), *provided that* a position in such option may be initiated or liquidated at any price level ranging from \$1.00 to \$15.00 per option contract, in \$1.00 increments, unless otherwise specified in the current CBOT Market Regulation Advisory Notice entitled Cabinet Transactions in Options Products.

Where the price of such option is quoted in volatility terms, the minimum price fluctuation shall be one tenth ($1/10^{\text{th}}$) of one percent per annum (e.g., 9.9 percent, 10.0 percent, 10.1 percent, 10.2 percent).

40A01.D. Underlying Futures Contracts

1. Options in the March Quarterly Cycle ("Quarterly Options")

For any option for which the named month of expiration is in the March quarterly cycle (i.e., March, June, September, or December), the Underlying Futures Contract shall be Ultra U.S. Treasury Bond futures for delivery in the same month as such option's named month of expiration. For example, for a given year, Ultra U.S. Treasury Bond futures for delivery in March shall be the Underlying Futures Contract for a March option.

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

For any option for which the named month of expiration is not in the March quarterly cycle, (i.e., January, February, April, May, July, August, October, or November), the Underlying Futures Contract shall be Ultra U.S. Treasury Bond futures for delivery in the March quarterly cycle month next following such option's named month of expiration. For example, for a given year, Ultra U.S. Treasury Bond futures for delivery in March shall be the Underlying Futures Contract for a January option and for a February option.

3. Weekly Options

A weekly option shall be designated to expire on a given Friday, *provided that* no weekly option shall expire on any Friday that is also the scheduled last day of trading in a quarterly option (Rule 40A01.D.1.) or a serial option (Rule 40A01.D.2.). For any weekly option, the Underlying Futures Contract shall be Ultra U.S. Treasury Bond futures for delivery in a March quarterly cycle month following such option's date of expiration, as designated by the Exchange when such weekly option is listed for trading.

For an Underlying Futures Contract for a given delivery month, all weekly options shall expire prior to the expiration of quarterly options (Rule 40A01.D.1. and Rule 40A01.I.1.).

4. Monday Weekly Options

For any Monday Weekly option, the Underlying Futures Contract shall be Ultra U.S. Treasury Bond futures for delivery in a March quarterly cycle month following such option's date of expiration, as designated by the Exchange when such Monday Weekly option is listed for trading. For an Underlying Futures Contract for a given delivery month, all Monday Weekly options shall expire prior to the expiration of quarterly options (Rule 40A01.D.1. and Rule 40A01.I.1.).

4.5. Wednesday Weekly Options

For any Wednesday Weekly option, the Underlying Futures Contract shall be Ultra U.S. Treasury Bond futures for delivery in a March quarterly cycle month following such option's date of expiration, as designated by the Exchange when such Wednesday Weekly option is listed for trading. For an Underlying Futures Contract for a given delivery month, all Wednesday Weekly options shall expire prior to the expiration of quarterly options (Rule 40A01.D.1. and Rule 40A01.I.1.).

40A01.E. Exercise Prices

1. One (1) Point Exercise Prices

Option exercise prices shall be in terms of Ultra U.S. Treasury Bond futures price points (Rule 40102.C.) and shall be in integer multiples of one (1) point (Rule 40A01.C.). At the commencement of trading in option contracts for a given expiration date, 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 ("at-the-money price" or "ATM price"). If the previous day's Underlying Futures Contract settlement price is midway between two eligible option exercise price levels, then the ATM price shall be set as the higher of the two eligible exercise price levels.

The Exchange also shall list Quarterly put and call options and Serial put and call options for trading at all eligible exercise price levels in a range of 30 points above and 30 points below (i.e., 30 exercise price levels above and 30 exercise price levels below) the ATM exercise price, and shall list Weekly put and call options, **Monday Weekly put and call options**, and Wednesday Weekly put and call options for trading at all eligible exercise price levels in a range of 20 points above and 20 points below (i.e., 20 exercise price levels above and 20 exercise price levels below) the ATM exercise price.

Thereafter, the Exchange shall add new put and call options to ensure that such Quarterly and Serial options are listed for trading at all eligible exercise prices in a range of at least 30 points above and at least 30 points below, and that such Weekly, **Monday Weekly**, and Wednesday Weekly options are listed for trading at all eligible exercise prices in a range of at least 20 points above and at least 20 points below, the ATM exercise price level that is set with reference to the most recent Underlying Futures Contract settlement price.

New options may be listed for trading up to and including the termination of trading in such options.

Upon demand and at the discretion of the Exchange, a new option contract with an out-of-current- range exercise price may be added, on an as-soon-as-possible basis, provided that the exercise price of such newly added option contract must be an integer multiple of one (1) price point (Rule 40A01.C.).

The Exchange may modify the procedure for the introduction of exercise prices as it deems appropriate.

1. Special Listings of One Half (1/2) of One Point Exercise Prices

At any given time, the Exchange shall ensure that options are listed for trading at exercise prices that are in terms of Ultra U.S. Treasury Bond futures price points (Rule 40102.C.) and shall be in integer multiples of one half (1/2) of one (1) point for (i) all Weekly Options and (ii) the nearest expiring Serial or Quarterly Options (Rule 40A01.C.). For any Weekly, Serial or Quarterly Options with exercise price levels in integer multiples of one half (1/2) of one (1) point, the Exchange shall add new put and call options in integer multiples of one half (1/2) of one (1) price point in a range of at least 3 points above and at least 3 points below (i.e. 3 additional exercise price levels above and 3 additional exercise prices below) the ATM exercise price level that is set with reference to the most recent Underlying Futures Contract settlement price.

40A01.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.

40A01.F. Reserved

40A01.G. Nature of Options

The buyer of a put option may exercise such option at any time prior to expiration (subject to Rule 40A02.A.) to assume a short position in one Underlying Futures Contract (Rule 40A01.D.) at such option's exercise price (Rule 40A01.E.). Upon exercise by a put option buyer, the seller of such option shall incur the obligation to assume a long position in one Underlying Futures Contract at such option's exercise price.

The buyer of a call option may exercise such option at any time prior to expiration (subject to Rule 40A02.A.) to assume a long position in one Underlying Futures Contract (Rule 40A01.D.) at such option's exercise price (Rule 40A01.E.). Upon exercise by a call option buyer, the seller of such option shall incur the obligation to assume a short position in one Underlying Futures Contract at such option's exercise price.

40A01.H. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

40A01.I. Termination of Trading

For any expiring option, if the market in such option's Underlying Futures Contract (Rule 40A01.D.) does not open on the scheduled last day of trading in such option, then the termination of trading in such option shall occur on the next following day on which the market in such option's Underlying Futures Contract is open for trading.

1. Quarterly Options and Serial Options

For a given expiring quarterly option contract (Rule 40A01.D.1.) or serial option contract (Rule 40A01.D.2.), if the Friday that precedes by one business day the last business day of the calendar month preceding such option's named month of expiration is not a business day, then the last day of trading shall be the first business day prior to

such Friday.

Otherwise, the last day of trading in such option shall be the last Friday that precedes by at least two business days the last business day of the calendar month preceding such option's named month of expiration.

On its last day of trading, trading in such option shall terminate at the close of trading in such option's Underlying Futures Contract.

2. Weekly Options

For a given weekly option contract, the last day of trading shall be the Friday on which such option is designated to expire (Rule 40A01.D.3.). If such Friday is not a business day, then the last day of trading in such option shall be the business day next preceding such Friday.

On its last day of trading, trading in such option shall terminate at the close of trading in such option's Underlying Futures Contract.

3. Monday Weekly Options

For a given Monday Weekly option contract, the last day of trading shall be the Monday on which such option is designated to expire (Rule 40A01.D.4.). If such Monday is not a business day, then the last day of trading in such option shall be the first business day following such Monday. On its last day of trading, trading in such options shall terminate at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract.

3 4. Wednesday Weekly Options

For a given Wednesday Weekly option contract, the last day of trading shall be the Wednesday on which such option is designated to expire (Rule 40A01.D.5.). If such Wednesday is not a business day, then the last day of trading in such option shall be the first business day preceding such Wednesday. On its last day of trading, trading in such options shall terminate at the same time at which the Exchange determines the settlement price for that day for such option's Underlying Futures Contract.

40A01.J. Contract Modification

Contract terms for any option shall be fixed when such option is initially listed for trading, *provided that* any such option must conform to government regulations that are in force at such time as such option may be exercised. If the U.S. government, or an agency or duly constituted body thereof, issues an order, ruling, directive, or law inconsistent with these rules, then such order, ruling, directive, or law shall be construed to become part of the rules, and all open and new option contracts shall be subject to such order, ruling, directive, or law.

40A02. EXERCISE AND ASSIGNMENT

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

40A02.A. Exercise

An option may be exercised by the buyer on any business day that such option is traded. To exercise such option, the clearing member representing the option buyer shall present an exercise notice to the Clearing House by 5:30 p.m., or by such other time as the Exchange may designate, on the day of exercise.

1. All Options Excluding **Monday Weekly Options and** Wednesday Weekly Options

An unexercised option shall expire at 5:30 p.m. on the last day of trading in such option (Rule 40A01.I).

An option that is in the money, and that has not been liquidated or exercised prior to its termination of trading, shall be exercised automatically upon expiration, in the absence of contrary instructions. Such contrary instructions must be delivered to the Clearing House, by the clearing member representing the buyer of such option, no later than 5:30 p.m. (or such other time as may be designated by the Exchange) on the last day of trading in such option (Rule 40A01.I).

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 40A01.D.) on the last day of trading in such option (Rules 40A01.I.) lies strictly above such option's exercise price, and shall be out of the money if such daily settlement price is at or below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

2. Monday Weekly Options

An option that has not been liquidated or exercised prior to its termination of trading (according to Rule 40A01.I.3.) shall be exercised automatically by the Clearing House if such option expires in the money. Such option shall be abandoned automatically by the Clearing House if it expires out of the money. For the avoidance of doubt, no such option that expires in the money shall be abandoned, and no such option that expires out of the money shall be exercised.

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 40A01.D.) on the last day of trading in such option (Rules 40A01.I.) is at or above such option's exercise price, and shall be out of the money if such daily settlement price lies strictly below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

2.3 . Wednesday Weekly Options

An option that has not been liquidated or exercised prior to its termination of trading (according to Rule 40A01.1.4.) shall be exercised automatically by the Clearing House if such option expires in the money. Such option shall be abandoned automatically by the Clearing House if it expires out of the money. For the avoidance of doubt, no such option that expires in the money shall be abandoned, and no such option that expires out of the money shall be exercised.

A call option shall be in the money if the daily settlement price of the Underlying Futures Contract (Rules 40A01.D.) on the last day of trading in such option (Rules 40A01.I.) is at or above such option's exercise price, and shall be out of the money if such daily settlement price lies strictly below such option's exercise price.

A put option shall be in the money if the daily settlement price of the Underlying Futures Contract on the last day of trading in such option lies strictly below such option's exercise price, and shall be out of the money if such daily settlement price is at or above such option's exercise price.

40A02.B. Assignment

For any given option contract, an exercise notice accepted by the Clearing House (in accord with Rule 40A02.A.) shall be assigned by the Clearing House through a process of random selection of clearing members carrying open short positions in such option contract. A clearing member to whom such exercise notice has been assigned shall be notified thereof as soon as practicable following such assignment.

The clearing member to whom such exercise notice has been assigned shall be assigned a short position in such option's Underlying Futures Contract (Rules 40A01.D.) if such option is a call, or a long position in such option's Underlying Futures Contract if such option is a put. The clearing member representing the option buyer making exercise shall be assigned a long position in such option's Underlying Futures Contract if such option is a call, or a short position in such option's Underlying Futures Contract if such option is a put.

Such futures positions shall be assigned at a price equal to the exercise price of such option contract, and shall be marked to market (in accordance with Rule 814) on the day on which the Clearing House accepts such exercise notice.

40A03. [RESERVED]

40A04. [RESERVED]

40A05. PAYMENT OF OPTION PREMIUM

In respect of the purchase of an option, the corresponding option premium shall be paid in full to the Clearing House by the option purchaser's clearing member, and shall be paid in full to the option purchaser's futures commission merchant by the option purchaser, at the time that such option is purchased, or within a reasonable time after such option is purchased.

Appendix B

**CBOT Rulebook
Chapter 5**

("Trading Qualifications and Practices")

Position Limit, Position Accountability, and Reportable Level Table

(attached under separate cover)

Appendix C
CBOT Rulebook
Chapter 5
(“Trading Qualifications and Practices”)

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

| Contract | Globex Symbol | Globex Non-Reviewable Ranges (NRR) |
|---|---------------|--|
| Monday Weekly Options on Short-Term U.S. Treasury Note Futures (2-Year) - Week 1-5 | VT1-VT5 | The greater of the following: •Delta times 10/64ths •2/64ths |
| Monday Weekly Options on Medium-Term U.S. Treasury Note Futures (5-Year) - Week 1-5 | VF1-VF5 | |
| Monday Weekly Options on U.S. Treasury Note Futures (6 ½ to 7 ¾ Year) - Week 1-5 | VY1-VY5 | |
| Monday Weekly Options on Ultra 10-Year U.S. Treasury Note Futures- Week 1-5 | VX1-VX5 | |
| Monday Weekly Options on U.S. Treasury Bond Futures - Week 1-5 | VB1-VB5 | |
| Monday Weekly Options on Ultra U.S. Treasury Bond Futures - Week 1-5 | VU1-VU5 | |

Appendix D
CBOT Rulebook
Chapter 5
(“Trading Qualifications and Practices”)
Rule 589. – (“Special Price Fluctuation Limits and Daily Price Limits”) Table

| Product | RULEBOOK CHAPTER | COMMODITY CODE | PRIMARY/ ASSOCIATED | ASSOCIATED WITH | <u>Dynamically Calculated Variant - All Hours</u> |
|---|------------------|----------------|---------------------|-----------------|---|
| Monday Weekly Options on Short-Term U.S. Treasury Note Futures (2-Year) - Week 1-5 | 21A | VT1-VT5 | Associated | ZT | No specified limits |
| Monday Weekly Options on Medium-Term U.S. Treasury Note Futures (5-Year) - Week 1-5 | 20A | VF1-VF5 | Associated | ZF | No specified limits |
| Monday Weekly Options on U.S. Treasury Note Futures (6 ½ to 7 ¾ Year) - Week 1-5 | 19A | VY1-VY5 | Associated | ZN | No specified limits |
| Monday Weekly Options on Ultra 10-Year U.S. Treasury Note Futures- Week 1-5 | 26A | VX1-VX5 | Associated | TN | No specified limits |
| Monday Weekly Options on U.S. Treasury Bond Futures - Week 1-5 | 18A | VB1-VB5 | Associated | ZB | No specified limits |
| Monday Weekly Options on Ultra U.S. Treasury Bond Futures - Week 1-5 | 40A | VU1-VU5 | Associated | UB | No specified limits |

Appendix E
Exchange Fees

| Level | Account Owner | Execution Type | Venue/Transaction Type | Fee | |
|--|---|---|--------------------------------|------------|--------|
| 1 | Individual Members | Member Account Owner | CME Globex | \$0.14 | |
| | | | EFP | \$0.89 | |
| | | | EFR | \$0.89 | |
| | | | Block | \$0.89 | |
| | Individual Delegates | Delegate Trading Own Account | CME Globex | \$0.27 | |
| | | | EFP | \$1.02 | |
| | | | EFR | \$1.02 | |
| | | | Block | \$1.02 | |
| Equity Members (Individual Equity members, Clearing Equity Member Firms and Equity Member Firms) | | | | | |
| 2 | Rule 106.J Equity Member Firms Rule 106.I Affiliate Equity Member Firms Individual Equity Members (Other Member/Delegate executing trade) Clearing Equity Member Firms Rule 106.I Affiliate Membership Umbrella - Qualified Affiliate | Member or Delegate | CME Globex | \$0.14 | |
| | | | EFP | \$0.89 | |
| | | | EFR | \$0.89 | |
| | | | Block | \$0.89 | |
| | | Non-Member | CME Globex | \$0.23 | |
| | | | EFP | \$0.89 | |
| | | | EFR | \$0.89 | |
| | | | Block | \$0.89 | |
| | Rule 106.S. Family of Funds Equity Member Firms | Member, Delegate or Non-Member | CME Globex | \$0.23 | |
| | | | EFP | \$0.89 | |
| | | | EFR | \$0.89 | |
| | | | Block | \$0.89 | |
| Trading Members (Individual Non-Equity Members, Clearing Non-Equity Member Firms and Non-Equity Member Firms) | | | | | |
| 3 | Individual Non-Equity Members (Other Member/Delegate executing trade) Clearing Non-Equity Member Firms Rule 106.H. Member Firms Rule 106.I. Affiliate Trading Member Firms (w/ an owned seat) | Member, Delegate or Non-Member | CME Globex | \$0.32 | |
| | | | EFP | \$1.02 | |
| | | | EFR | \$1.02 | |
| | | | Block | \$1.02 | |
| | | Individual Delegates (Other Member/Delegate executing trade) Rule 106.I. Affiliate Trading Member Firms (w/ a leased seat) | Member, Delegate or Non-Member | CME Globex | \$0.45 |
| | | | | EFP | \$1.17 |
| | | | | EFR | \$1.17 |
| | | | | Block | \$1.17 |
| | Rule 106.S. Family of Funds Trading Member Firms | Member, Delegate or Non-Member | CME Globex | \$0.32 | |
| | | | EFP | \$1.02 | |
| | | | EFR | \$1.02 | |
| | | | Block | \$1.02 | |

| Level | Account Owner | Execution Type | Venue/Transaction Type | Fee |
|---|---|--------------------------------|------------------------|--------|
| Electronic Corporate Member Firm | | | | |
| 4 | Rule 106.R Electronic Corporate Member Firms (For other than CME Globex – See Non-Members) | Member, Delegate or Non-Member | CME Globex | \$0.45 |
| Non-Members | | | | |
| 5 | International Incentive Program (IIP) International Volume Incentive Program (IVIP) (For other than CME Globex – See Non-Members) | Member, Delegate or Non-Member | CME Globex | \$0.54 |

| | | | | |
|--|--|-----------------------------------|------------|--------|
| | Central Bank Incentive Program (CBIP) (For other than CME Globex – See Non-Members) | Member, Delegate or Non-Member | CME Globex | \$0.69 |
| | Latin American Fund Manager Incentive Program (FMIP) (For other than CME Globex – See Non-Members) | Member, Delegate or Non-Member | CME Globex | \$0.58 |
| | Non-Members | N/A | CME Globex | \$0.85 |
| | | | EFP | \$1.41 |
| | | | EFR | \$1.41 |
| | | | Block | \$1.41 |

| Processing Fees | Fee |
|---|----------------------|
| Exchange Fees for Non-Trades (Member/Delegate/Non-Member) | \$0.10/\$0.25/\$0.55 |
| Exchange Fees for Non-Trades - Expired Options | \$0.10 |
| Position Adjustment/Position Transfer | \$0.10 |
| Give-Up Surcharge | \$0.06 |
| Facilitation Fee | \$0.00 |